

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Ingham County	County Ingham
Fiscal Year End December 31, 2006	Opinion Date June 20, 2007	Date Audit Report Submitted to State June 27, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

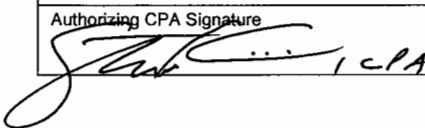
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Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☒ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe) Single Audit	<input checked="" type="checkbox"/>			
Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.		Telephone Number (517) 351-6836		
Street Address 3511 Coolidge Road, Suite 100		City East Lansing	State MI	Zip 48823
Authorizing CPA Signature 		Printed Name Steven R. Kirinovic, CPA		License Number 1101022020

INGHAM COUNTY, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

Board of Commissioners:

Victor G. Celentino, Chairperson
Lisa Dedden, Vice-Chairperson
Mike Severino, Vice-Chairperson Pro Tem

Rebecca Bahar-Cook
Dale Copedge
Debbie De Leon
Steve Dougan
Mark Grebner
Curtis Hertel Jr.
Diane Holman
Deb Nolan
Randy Schafer
Andy Schor
Marc Thomas
Don Vickers
Tina Weatherwax-Grant

Prepared by:

Financial Services Division

Controller:

Matthew Myers

Independent Auditors:

Abraham & Gaffney, PC

Ingham County, Michigan
Comprehensive Annual Financial Report
Year Ended December 31, 2006

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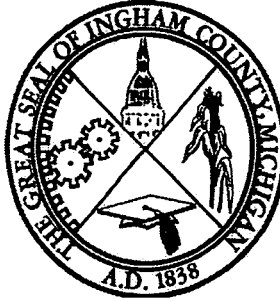
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INTRODUCTORY SECTION

OFFICE OF THE INGHAM COUNTY CONTROLLER

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Phone: (517) 676-7206 FAX: (517) 676-7306

June 20, 2007

To the Board of Commissioners and the Citizens of Ingham County:

Transmitted herewith is Ingham County's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. Ingham County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Ingham County issue an annual financial report, and that this report be audited by certified public accountants.

This report consists of management's representations concerning the finances of Ingham County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Ingham County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Ingham County's financial statements have been audited by Abraham & Gaffney, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Ingham County for the fiscal year ended December 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Ingham County's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The auditor's report related specifically to the single audit is not included in this document, but is issued under separate cover.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Ingham County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF INGHAM COUNTY GOVERNMENT

Ingham County, 576 square miles and with a current population of approximately 280,000, is located in the south-central portion of Michigan's Lower Peninsula. The County is a focal point for Michigan's highway system, with major highways providing easy access to and from Detroit, Grand Rapids, Flint, Kalamazoo, and Ann Arbor. Commercial air service is provided from Lansing, and there is a network of rail freight service as well as Amtrak. The City of Lansing, located in the northwest corner, is the County's major population and retail center and the State Capital.

Ingham County is governed by a sixteen-member Board of Commissioners. Each Commissioner is elected on a partisan basis for terms of two years from single-member districts that are approximately equal in population. The Board annually elects from its ranks a Chairperson, Vice Chairperson and Vice Chairperson Pro Tem by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Controller who is appointed by a two-thirds vote of the Board of Commissioners and serves at its pleasure. Primary functions of the Board include determination of the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials.

Judges of the 30th Judicial Circuit and the Probate Court are elected at large for six-year terms, while the Judges of the 55th District Court are elected from the area of the County outside of Lansing and East Lansing. (Lansing and East Lansing both have their own district courts.) Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the County is divided by the Michigan Constitution among various statutory County officials, including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, deaths, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The County Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Board Coordinator, the Controller, Health Officer, Medical Examiner and Equalization Director with responsibilities as defined by statute, County ordinance or resolution. The Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State law. The Medical Examiner serves as the Medical Director of the Health Department as well as performing the statutory duties of Medical Examiner. The

Equalization Director oversees the equalization process of the County as prescribed by law. The Animal Control Director enforces appropriate State law and the Ingham County Animal Control Ordinance with respect to insuring the public safety in animal-related matters.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Department of Human Services Board, the Board of County Road Commissioners, the Board of Park Trustees, the Capital Area District Library Board, the Economic Development Corporation Board, the Ingham Medical Center Board of Trustees and the Housing Commission. Appointments to advisory committees include the Women's Commission, the Equal Opportunity Commission, the Youth Commission, and the Board of Health. Finally, the Board also appoints representatives to regional bodies overseeing programs in the areas of airport operations, aging, manpower training, planning and substance abuse.

The business of the County is carried out on a daily basis by some 1,500 employees located on several different campuses throughout the County. Primary locations are downtown Lansing, south Lansing, and Mason, the County seat.

County government provides a diverse array of services in the areas of human services, law enforcement, justice administration, recreation, education, elections, and record keeping. In any one day, hundreds of people access County services:

- They may be utilizing one of the many public health, sanitation or disease control services provided by the Health Department, the support services of County Veteran Affairs, or the residential services of the Medical Care Facility or the Ingham County Housing Commission. They may be utilizing one of the many other human service programs supported by County funds in Mental Health, Substance Abuse, Aging, Special Transportation, or Youth Violence Prevention.
- They may be utilizing the services of the County Prosecutor, County Sheriff, or the Courts, or anticipating the arrival of the law enforcement, fire, or emergency medical personnel dispatched by County-supported 911 Centers.
- They may be obtaining birth, death, tax or property information from the Offices of the County Clerk, Treasurer, or Register of Deeds; participating in elections; or getting assistance in drainage-related problems from the Drain Commissioner.
- They may be attending educational events sponsored by Cooperative Extension, enjoying one of the many County Parks, or visiting the County Fairgrounds.

Ingham County, through Board Resolution, has adopted a policy on financial reserves. The purpose of the policy is to maintain financial reserves appropriate to providing for the stable operation of the county government; to assure that the County's financial obligations will be met; and to assure continuation of a strong credit rating. Reserves addressed in the policy are the General Fund, the Budget Stabilization Fund and the Public Improvement Fund.

The County's goal for the General Fund is an unreserved undesignated fund balance of at least 5% of the general fund expenses of the preceding year. The goal for the Budget Stabilization Fund is to maintain the legal maximum balance of 15% of the average of the last five years' budget or 15% of the current year's budget, whichever is less, but not less than 13%. The goal for the Public Improvement Fund is to maintain sufficient reserves to address annual needs for maintaining county facilities in an appropriate state of repair. The Public Improvement Fund desired level of funding was set at 1/10 mill of the property

tax levy. The County Controller provides an annual status report to the Finance Committee and provides recommendations for maintaining the balances at appropriate levels.

Ingham County's strategic plan provides the foundation for budgetary decisions by establishing a vision, mission and long-range objectives. In addition to the strategic plan, the Board of Commissioners adopts a resolution each year which sets priorities for the development of the budget. The principles in the resolution are consistent with the objectives in the strategic plan, but detail specific priorities which reflect current issues.

The priorities identified by the Board of Commissioners over the past several years have consistently included expanding access to health care; expanding recreational opportunities; and increasing the continuum of sanctions and placements for youth and adults. Other priorities have included encouraging the participation of youth in county government, assuring an appropriate level of services to victims of domestic violence and sexual assault, exploring ways to expand and improve services for seniors, improving the overall jury selection system, exploring more equitable ways of governing and financing the Capital Region Airport, and examining the implications of regional land use on the region's future. Through its discussions and actions, each new Board of Commissioners will determine what priorities it wishes to continue and what new ones to establish.

The County maintains real-time budgetary controls using an integrated financial management software package. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of Commissioners. Activities of the general and special revenue funds are included in the annual appropriated budget. A five-year financial plan is adopted for the capital project funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established by defined cost categories within an activity or individual fund. Budgetary transfers are permitted in accordance with board-adopted budget policies. The County also maintains an encumbrance accounting system as one of its techniques of accomplishing budgetary control. Encumbered amounts lapse at year-end; however, they generally are reappropriated as part of the following year's budget.

FACTORS AFFECTING FINANCIAL CONDITION

Local economy. In addition to being the home of the State Capitol and state government, the County is also the home of Michigan State University, with General Motors Corporation having a significant presence. The Lansing Car Assembly Plant was closed in May 2005, but a new Cadillac plant was opened in Lansing in 2001, and the Lansing Regional Stamping Plant was opened in nearby Delta Township in 2003. Another GM assembly plant was opened in the Lansing area in 2006.

Ingham County is also the site of several large industrial firms, two major hospital organizations and several other educational institutions. Also of economic importance is agriculture, including dairy, livestock and general farming.

Manufacturing, government, education and health care occupations represent the major employment sources. The triad of Michigan State University, General Motors Corporation and State government has served as a catalyst to give the area a well-educated, well-trained and highly skilled work force.

The stable and diverse economic base has made Ingham County an attractive employment and consumer market. Unemployment rates have been consistently below State averages, resident wealth levels are above regional norms for counties, and the labor force is bolstered by a sizeable student population with the presence of Michigan State University.

The tax base has grown steadily over the past several years. Property values for the County are estimated at \$18.9 billion based on the 2006 County Equalization Report. The values of real property increased by 5.04% while the value of personal property decreased by 4.22%. The total estimated Atrue cash value translates to a state equalized value of \$9.4 billion. The total change in equalized value was 4.47%. A 1994 amendment to the Michigan Constitution limits increases in the taxable value of most property to the lower of the rate of inflation or 5% until the property is sold. Upon sale, the taxable value is set to the equalized value. The 2006 taxable value, used for the 2006 summer tax levy, was \$7.1 billion after adjustments for taxable value captured by tax increment financing and downtown development authorities. This is a 5.9% increase over the 2005 adjusted taxable value.

In October 2004, new legislation was passed to gradually move up property tax collections from the winter to the summer over the next three years. The legislation also provided for the creation of a special revenue fund to temporarily replace state revenue sharing. With state revenue sharing declining over the past several years, this legislation provides a short-term resolution to the budgetary conflict between the state and county governments.

In spite of significant financial challenges associated with a weak economy, and declining state tax revenues, Ingham County continues to provide a high quality of services to its 280,000 residents. Services are provided by dedicated elected and appointed officials, and employees in the areas of health and human services, law enforcement and justice administration, recreation, elections, and record keeping. Over the past several years, the Board of Commissioners has strived to maintain all county services at an acceptable level, but has placed particular importance on providing uninsured residents with access to health care; expanding recreational opportunities; and improving the adult and juvenile justice systems.

Goals and Accomplishments

- The Medical Care Facility of Ingham County opened a new state-of-the-art Ingham County Rehabilitation Services Facility in April 2006. This is the newest facility of this type in the area and will benefit people who have suffered fractures, strokes, temporary loss of function due to trauma, anesthesia or hospitalization. It will provide cardiac rehab, orthopedic rehab, strengthening and reconditioning and diabetes and pain management.
- The expansion of recreational opportunities has continued with the completion of the new Splash Pad and Patio at Hawk Island Park. The Splash Pad was an intergovernmental cooperative project with funding partnerships with the Michigan Department of Natural Resources, National Park Services, City of Lansing, Capital Region Community Foundation and Ingham County. A grant from the Department of Natural Resources has also been approved for the continuation of a section of the Heart of Michigan Trail south of Hawk Island Park.
- Efforts to support recreational opportunities and intergovernmental collaboration were conducted by the placing a millage proposal on the ballot which increased the County's millage by up to 0.46 mills for a period of three years and by up to 0.41 mills for the following two years. This proposal was passed by the voters in November 2006. A lease and operational agreement (effective July 1, 2007) have been successfully negotiated between the City and the County, under which the County of Ingham assumes responsibility for operation and maintenance of both Potter Park and Potter Park Zoo. Funds generated through this millage provide an increase in the level of service provided by the Zoo, including capital funding and maintenance projects necessary to keep Potter Park Zoo accredited and fully functional.

- Efforts to promote environmental protection have continued with the adoption of a Point of Sale Regulation by the Board of Commissioner by amendment to the Ingham County Sanitary Code. A companion resolution was adopted to establish a Fee Schedule for the Point of Sate Regulation.
- Processing at the Register of Deeds continues to be enhanced with the use of designated technology funds. The Board of Commissioners approved a contract with Extract Systems, LLC to remove sensitive data from all documents made available to the public online by the Register of Deeds.
- Efforts to promote wise use of land and to support continued use of existing housing have been initiated. Implementation of the Farmland Preservation Ordinance Continues. The Agricultural Preservation Board is conducting its first landowner application cycle with the Board of Commissioners ranking the applications to begin the process of preserving farmland in Ingham County.

Cash Management. Ingham County has been consistently conservative in its cash management. It is the policy of the County Treasurer to invest first for safety of the principal and second to maximize interest earnings. Because only a small portion of the County's portfolio can be covered by FDIC insurance, it is essential to continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. Types of investments vary throughout the year depending on the County's cash flow requirements and the condition of the financial market. Typical investments include demand deposits, cash management mutual funds, certificates of deposit, U.S. Government securities, bankers' acceptances of United States banks, and high-quality commercial paper.

During 2006, invested cash earned interest at rates that varied within a range of 3.67% to 5.30%. We estimate that each one-quarter point change in the interest rates equates to an \$80,000 change in County interest revenue.

Risk Management. The County is self-insured for unemployment compensation and assumes a significant portion of the risk for workers= compensation, dental, vision, and general liability coverages. As part of the County's comprehensive risk management plan, resources are accumulated in internal service funds and reserves are on deposit with the Michigan Municipal Risk Management Authority (MMRMA) to meet potential losses. MMRMA, which is a governmental risk pool, provides \$15 million in liability coverage on an occurrence basis, with a \$150,000 self-insured retention per liability claim, a \$15,000 retention for each vehicle claim, and a 10% retention on the first \$100,000 of property loss after a \$1,000 deductible.

County Controller. At the end of 2006 the County Controller, A Edwin Dore, left. Mr. Dore was County Controller since April 2006. After an extensive search, the County Board of Commissioners appointed Matthew Myers as the new County Controller. Mr. Myers was appointed by Board Resolution on February 13, 2007. Mr. Myers was previously the Under Sheriff for Ingham County.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Ingham County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2005. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

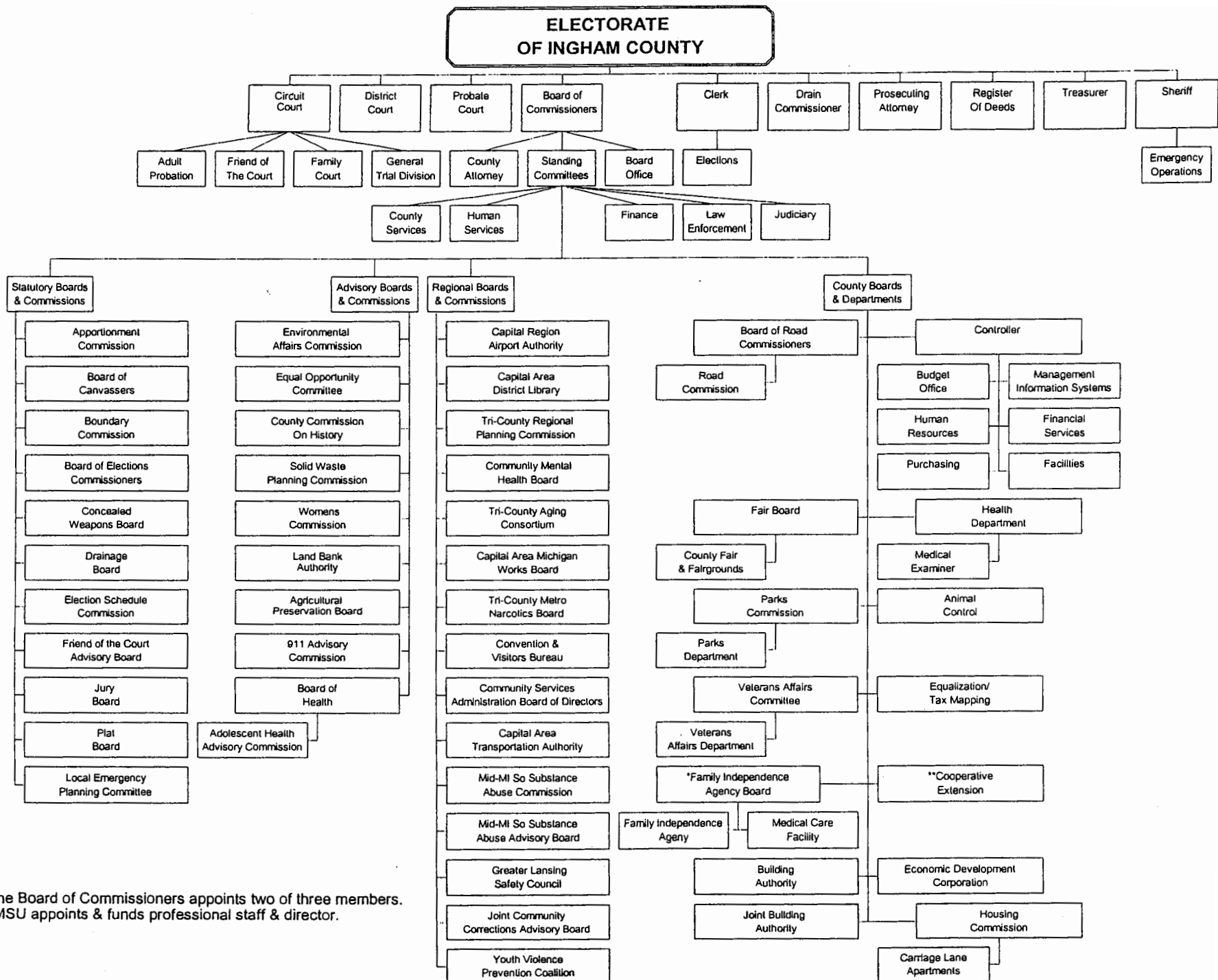
In addition, Ingham County also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning January 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Division of the Controller's Office, the various other County departments, and the elected and appointed officials. My appreciation is extended to all those who assisted in and contributed to the preparation of this report. I would also like to thank the Ingham County Board of Commissioners for their continued interest and support in planning and conducting the financial operations of Ingham County in a responsible and progressive manner.

Respectfully yours,

A handwritten signature in black ink, reading "Matthew Myers". The signature is written in a cursive, flowing style.

Matthew Myers
Controller



* The Board of Commissioners appoints two of three members.
 ** MSU appoints & funds professional staff & director.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Ingham County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
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ABRAHAM & GAFFNEY, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Ingham County
Mason, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Ingham County, Michigan as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ingham County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Ingham County, Michigan as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2007 on our consideration of Ingham County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ingham County's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Except for the statistical section, other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section is unaudited and we express no opinion on it.

Abraham & Gaffney, P.C.

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June 20, 2007

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of Ingham County we offer readers of Ingham County's financial statements this narrative overview and analysis of the financial activities of Ingham County for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

FINANCIAL HIGHLIGHTS

* The assets of Ingham County exceeded its liabilities at the close of the most recent fiscal year by \$125.3 million (*net assets*). Of this amount, \$81.2 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$71.8 million of the unrestricted net assets. The Medical Care Facility and the Delinquent Tax Revolving Fund contain most of the business-type unrestricted net assets.

* The County governmental activities showed an increase of \$11.9 million in total net assets. The additional revenue accumulated in the Revenue Sharing Reserve Fund is the primary source of this increase.

* At the close of 2006, Ingham County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$71.7 million. Of the total amount, approximately \$67.7 million is *available for spending* at the County's discretion (*unreserved fund balance*).

* At the end of the fiscal year, unreserved undesignated *fund* balance for the general fund was \$10.4 million or 13.6 percent of total general fund expenditures and transfers out. Total fund balance for the general fund was \$16.9 million.

- Ingham County's total debt decreased by \$2.05 million. A slight increase in delinquent tax notes was offset by scheduled redemptions of existing long term debt.

OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Ingham County basic financial statements. The Ingham County basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Ingham County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Ingham County's assets and liabilities. The difference between assets and liabilities is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Ingham County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this

statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Ingham County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Ingham County include general government, public safety, judicial, public works, health, welfare, education, economic development, and culture and recreation. The business-type activities of Ingham County include a Medical Care Facility that provides long-term skilled nursing care, and the Delinquent Tax Revolving Fund.

The government-wide financial statements include not only Ingham County itself, but also a legally separate Road Commission, a legally separate Drain Commission, and a legally separate Economic Development Corporation for which Ingham County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Ingham County Building Authority, Housing Commission, Medical Care Facility, and Fair Board, although also legally separate, function for all practical purposes as departments of Ingham County, and therefore have been included as integral parts of the primary government.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Ingham County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Ingham County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Ingham County maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the Health Department, Emergency Telephone Fund, and the Revenue Sharing Reserve Fund which are considered to be major funds. Data from the other 31 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Ingham County adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate

compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-8 of this report.

Proprietary funds. Ingham County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Ingham County uses 13 enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Ingham County's various functions. Ingham County uses internal service funds to account for its equipment, employee fringe benefits, liability and workers' compensation insurances, and its management information systems. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Medical Care Facility the Delinquent Tax Revolving Fund and the Refunding Sanitary Sewer Project Numbers 3 & 4 Fund, which are considered to be major funds of Ingham County. Data from the other 10 enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 9-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Ingham County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-62 of this report.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Ingham County's assets, liabilities, and net assets at December 31, 2006. The schedule shows the County's assets exceeded liabilities by \$125 million at the close of the most recent fiscal year.

Ingham County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$111,582,275	\$107,390,421	\$33,305,375	\$29,922,569	\$144,887,650	\$137,312,990
Capital assets	<u>49,071,939</u>	<u>52,138,810</u>	<u>10,766,967</u>	<u>11,088,316</u>	<u>59,838,906</u>	<u>63,227,126</u>
Total assets	160,654,214	159,529,231	44,072,342	41,010,885	204,726,556	200,540,116
Long-term liabilities outstanding	30,135,502	32,105,321	14,529,842	14,531,292	44,665,344	46,636,613
Other liabilities	<u>33,052,699</u>	<u>41,872,817</u>	<u>1,748,647</u>	<u>1,599,512</u>	<u>34,801,346</u>	<u>43,472,329</u>
Total liabilities	<u>63,188,201</u>	<u>73,978,138</u>	<u>16,278,489</u>	<u>16,130,804</u>	<u>79,466,690</u>	<u>90,108,942</u>
Net assets:						
Invested in capital assets, net of related debt	24,201,263	25,138,520	10,766,967	11,088,316	34,968,230	36,226,836
Restricted	1,474,890	534,675	7,662,222	6,841,735	9,137,112	7,376,410
Unrestricted	<u>71,789,860</u>	<u>59,877,898</u>	<u>9,364,664</u>	<u>6,950,030</u>	<u>81,154,524</u>	<u>66,827,928</u>
Total net assets	<u>\$97,466,013</u>	<u>\$85,551,093</u>	<u>\$27,793,853</u>	<u>\$24,880,081</u>	<u>\$125,259,866</u>	<u>\$110,431,174</u>

Ingham County has an investment approaching \$35 million in capital assets. This represents 27.9 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Ingham County uses these capital assets to provide service to citizens; consequently, these assets are **not** available for future spending. Although Ingham County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The net investment in capital assets decreased by \$1.3 million. Net governmental capital assets decreased by almost \$1 million. Current depreciation was a significant factor, but was substantially offset by principal payments on the related capital debt and additional capital acquisitions. The sale of vacant land with a carrying value of \$750,000 was an additional contributing factor to the reduction in net governmental capital assets. Depreciation on the business type funds accounted for the balance of the decrease in net capital assets.

An additional portion of Ingham County's net assets \$9.1 million (7.3 percent) represents resources that are subject to external restrictions on how they may be used. Ingham County's *unrestricted net assets*, \$81.2 million are the largest portion (64.8 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2006 fiscal year, Ingham County is able to report positive balances in all three net asset categories (invested in capital assets-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities.

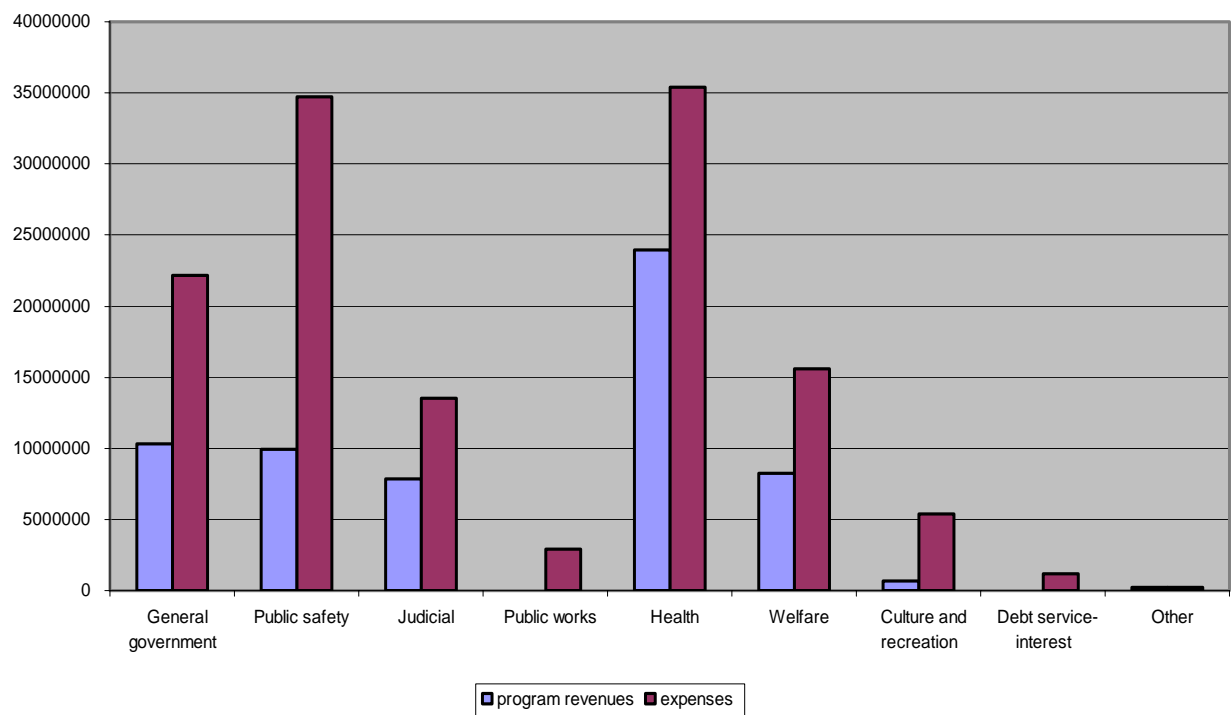
Ingham County's Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Revenue:						
Program revenue:						
Charges for services	\$28,476,613	\$27,431,300	\$22,534,849	\$19,401,188	\$51,011,462	\$46,832,488
Operating grants and contributions	32,719,512	34,615,598	1,893,435	1,996,224	34,612,947	36,611,822
Capital grants and contributions	0	258,231				258,231
General revenues:						
Property taxes	73,640,058	68,863,678			73,640,058	68,863,678
Other	<u>5,327,479</u>	<u>4,432,339</u>	<u>678,409</u>	<u>392,795</u>	<u>6,005,888</u>	<u>4,825,134</u>
Total revenue	<u>140,163,662</u>	<u>135,601,146</u>	<u>25,106,693</u>	<u>21,790,207</u>	<u>165,270,355</u>	<u>157,391,353</u>
Expenses:						
General government	22,193,079	22,667,675			22,193,079	22,667,675
Public safety	34,702,692	37,125,711			34,702,692	37,125,711
Judicial	13,541,035	12,371,724			13,541,035	12,371,724
Public works	2,925,389	2,845,372			2,925,389	2,845,372
Health	35,419,642	33,489,946			35,419,642	33,489,946
Welfare	15,597,913	15,796,063			15,597,913	15,796,063
Education	63,344	73,614			63,344	73,614
Economic development	160,504	581,923			160,504	581,923
Culture and recreation	5,384,014	5,200,269			5,384,014	5,200,269
Debt service-interest	1,161,496	1,273,846			1,161,496	1,273,846
Medical Care Facilities	-	-	16,040,413	14,867,800	16,040,413	14,867,800
Delinquent tax revolving	-	-	811,468	603,901	811,468	603,901
Refunding sanitary sewer project	-	-	211,236	245,678	211,236	245,678
Other business-type	<u>-</u>	<u>-</u>	<u>3,286,281</u>	<u>2,927,606</u>	<u>3,286,281</u>	<u>2,927,606</u>
Total expenses	<u>131,149,108</u>	<u>131,426,143</u>	<u>20,349,398</u>	<u>18,644,985</u>	<u>151,498,506</u>	<u>150,071,128</u>
Increase (decrease) in net assets before transfers	9,014,554	4,175,003	4,757,295	3,145,222	13,771,849	7,320,225
Transfers	<u>2,900,366</u>	<u>1,565,334</u>	<u>(1,843,523)</u>	<u>(1,947,939)</u>	<u>1,056,843</u>	<u>(382,605)</u>
Increase in net assets	11,914,920	5,740,337	2,913,772	1,197,283	14,828,692	6,937,620
Net assets - beginning of year	<u>85,551,093</u>	<u>79,810,756</u>	<u>24,880,081</u>	<u>23,682,798</u>	<u>110,431,174</u>	<u>103,493,554</u>
Net assets - end of year	<u>\$97,466,013</u>	<u>\$85,551,093</u>	<u>\$27,793,853</u>	<u>\$24,880,081</u>	<u>125,259,866</u>	<u>110,431,174</u>

The County's net asset increased by \$14.8 million during the reporting period, most of the increase is in the governmental activities. This increase is due in large part to the accelerated tax collections and tax shift related to the Revenue Sharing Reserve Fund. The balance represents the degree to which costs have been controlled and major expenses have leveled off. Business-type activities contributed \$2.9 million to the increase in net assets.

Governmental activities. An analysis of the governmental activities' revenues and expenses shows a \$4.6 million growth in revenues and a slight decrease in expenses. Growth in tax revenues accounts for substantially all of the revenue growth. The \$1.9 million decrease in operating grants reflects an anomaly in the 2005 grant revenue received by the Health Fund. The Department's status as a Federally Qualified Health Center changed its Medicaid/Medicare payment method.

Program Revenues and Expenses - Governmental Activities

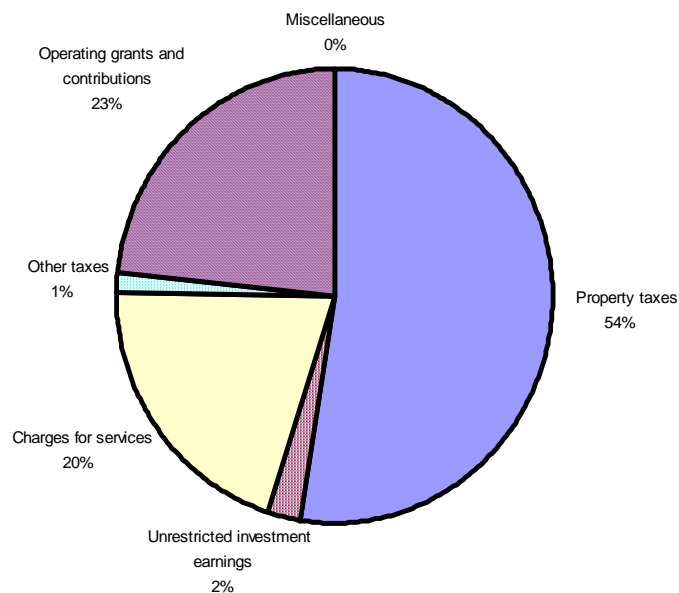


Public safety expenses decreased by \$2.4 million because a large emergency telephone project was completed in 2005 and no new projects were added. The \$1.9 million increase in health expenses include \$1.2 million in in-kind costs related to vaccines and other new health programs costs.

Business-type activities. Business-type activities increased Ingham County's net assets by \$2.9 million. Before transfers, business-type activities generated a \$4.8 million increase in net assets. The Delinquent Tax Revolving Fund traditionally transfers almost all of its annual earnings to the General Fund.

The Medical Care Facility is the recipient of the Business-type operating grants. The grant is a Medicaid

Revenues by Source - Governmental Activities



Quality Assurance Supplement distributed by the State of Michigan. From these funds, the Medical Care Facility pays a quality assurance assessment to the State Department of Community Health. In 2006, the Medical Care Facility netted nearly \$842,162 from this transaction.

Transfers. A \$2.1 million transfer from the Delinquent Tax Revolving Fund to the general fund made up most of the transfer into the governmental activities. Transfers between the governmental and business-type activities are not equal because of timing differences between funds with different fiscal year ends.

Financial Analysis of the Government's Funds

As noted earlier Ingham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Ingham County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Ingham County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Ingham County's governmental funds reported combined ending fund balances of \$71.7 million, an increase of \$14.4 million in comparison with the prior year. Most of this total amount (\$67.7 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) loaned to other funds or component units (\$2.1 million), 2) for health services by contractual agreement (\$1.4 million), or 3) for a variety of other restricted purpose (\$445,000).

The general fund is the chief operating fund of Ingham County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$13.3 million, and the total fund balance was \$16.9 million. As a measure of the general fund's liquidity it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.3 percent of total general fund expenditures and transfers out, while total fund balance represents 22 percent of that same amount.

The fund balance of Ingham County's general fund increased by \$2.6 million during the fiscal year. Revenues increased by 9% while expenditures and transfers out increased by only 7%. Tax revenues increased by 11% accounting for the bulk of the \$5.7 million increase in revenues. The shift from a winter tax levy to a summer tax levy plus the growth attributed to using a more current equalization report helped grow tax revenues. Notable changes on the expenditure side of the equation included a \$2 million increase in public safety expenditures and a \$1.2 million increase in judicial expenditures. The additional public safety expenditures were related to the settlement of a labor contract with the Michigan Association of Police while the increase in judicial expenditures reflects an accounting change to record the shared cost of building rental.

Health Fund expenditures exceeded revenues by \$8.3 million. The required subsidy from the general fund was \$8.3 million.

This is the final year of accelerated tax collections deposited to the Revenue Sharing Reserve Fund. Public Act 357 of 2004 required the County to establish the Revenue Sharing Reserve fund and place one-third of the December 2004, property tax levy in the fund. Property tax levies in December 2005 and December 2006 provided contributions to the Revenue Sharing Reserve Fund equal to the December 2004 contribution. The property taxes reserved in December are assessed in July to gradually move the County from a winter tax levy to a summer tax levy. This property tax shift was established to provide a funding mechanism to serve as a substitute for state revenue sharing. The state will determine the annual distributions from the Revenue Sharing Reserve Fund. Once the reserve is exhausted, revenue sharing payments to the County will be restored. It is estimated that the Revenue Sharing Reserve Fund will be exhausted in five years. The fund recognized \$13.8 in tax revenue and the County drew down \$5.4 million to replace 2006 state revenue sharing.

The Emergency Telephone Fund is a major special revenue fund supported by a County tax millage, state grant revenues, and a telephone surcharge. The fund provides for construction and improvements to the emergency communication system and substantially all of the operational expenses of the Lansing and East Lansing dispatch centers. Additional installations were added in 2005. Substantially all 2006 expenditures subsidize the emergency dispatch operations in the cities of Lansing and East Lansing.

Proprietary funds. Ingham County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Delinquent Tax Revolving Fund ended 2006 with unrestricted net assets of \$3.6 million. The Medical Care Facility's unrestricted net assets were also \$3.6 million. The Refunding Sanitary Sewer No. 3 & 4 Fund is reported as a major business-type fund because its liabilities exceed 10 percent of total proprietary fund

liabilities and are more than 5 percent of total governmental and business type liabilities. Ingham County constructed and financed the sewer construction. The sewer system is leased back to the municipality. The lease payments are equal to the debt service requirements. State guidelines require reporting this transaction as a business-type activity. The fund balance of \$11,118 is prior interest revenue that will eventually reduce the lease payments. Other factors concerning the finances of these major business-type activities were addressed previously.

General Fund Budgetary Highlights

The General Fund revenue budget shows some notable changes between the original and final budget. The tax revenue budget was increased by \$1.5 million. The State mandated shift to a summer tax levy has made budgeting for tax revenue quite challenging. Even with this adjustment, actual collections were \$1.6 million higher than budget. The intergovernmental revenue budget was increased by \$1.9 million during the year. Several new grants, including a \$1.3 million homeland security grant is included in this budget adjustment. A \$2.6 million increase in public safety expenditures mostly reflects the settlement of the Michigan Association of Police labor contract made retroactive to 2004.

Capital Assets and Debt Administration

Capital assets. Ingham County's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounts to \$59.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, park facilities, buildings, improvements, and machinery and equipment. Ingham County's investment in capital assets decreased by \$3.4 million. Governmental activities saw a \$3.1 million decrease in capital assets while business-type activities decreased capital assets by \$0.3 million. Depreciation accounts for the decrease in capital assets.

INGHAM COUNTY'S Capital Assets (Net of depreciation)

	Governmental activities	Business-type activities	Total
Land	\$ 4,059,611	\$ 464,990	\$4,524,601
Construction in progress	150,378	0	150,378
Buildings	40,521,694	10,082,361	50,604,055
Machinery and equipment	<u>4,340,256</u>	<u>219,616</u>	<u>4,559,872</u>
	<u>\$49,071,939</u>	<u>\$10,766,967</u>	<u>\$59,838,906</u>

Additional information on the Ingham County's capital assets can be found in note F on pages 37-40 of this report.

Long-term debt. At the end of the 2006 fiscal year, Ingham County had total general obligation debt of \$38.6 million. The entire amount is backed by the full faith and credit of the County.

INGHAM COUNTY'S Outstanding Debt
General Obligation

	Governmental Activities		Business-type activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds	\$24,475,000	\$26,470,000	\$7,465,000	\$8,220,000	\$31,940,000	\$34,690,000
Delinquent tax notes	<u>-</u>	<u>-</u>	<u>6,700,000</u>	<u>6,000,000</u>	<u>6,700,000</u>	<u>6,000,000</u>
Total	<u>\$24,475,000</u>	<u>\$26,470,000</u>	<u>\$13,165,000</u>	<u>\$14,220,000</u>	<u>\$38,640,000</u>	<u>\$40,690,000</u>

Ingham County's bonded debt decreased by \$2 million (5 percent) during the fiscal year. The reduction in debt was the result of scheduled debt service payments.

Ingham County maintains a AAA rating from Standard and Poor's for our general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Ingham County is \$943.9 million, which is significantly in excess of Ingham County's outstanding general obligation debt.

Additional information on the Ingham County's long-term debt can be found in note I on pages 42-50 of this report.

Economic Factors and Next Year's Budgets

In order to maintain financial stability over the long term, the budgeting practice in Ingham County is to not only adopt a balanced budget as required by law, but to manage its budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy, along with a nearly fully funded Budget Stabilization Fund, has given Ingham County the reserves necessary to address difficult economic times without resort to a crisis-management approach. It has permitted the County Board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of county services to be provided. When unexpected revenue losses or expenditure increases occur during the year, they are generally addressed through short term expenditure reduction measures such as reductions in controllable expenses, hiring delays, and deferrals of capital expenditures.

While property tax revenue growth continues to be strong, the county budget process for 2007 was challenged by some significant factors including state and federal revenue sources that have had little or no growth, and in some cases have been reduced. Although revenue estimates were based on the best information available, there is a fair amount of uncertainty especially in the area of state revenues. The unfunded liability for retiree health insurance costs must be addressed beginning in 2007. Ingham County has begun to address this issue by designating one million dollars in general fund balance for this purpose and setting aside 0.5% of payroll in 2006.

The Revenue Sharing Reserve Fund as a replacement for state revenue sharing is expected to last through 2011. After that date, the State has promised to restore revenue sharing. The special purpose millage for juvenile justice is up for renewal in 2007.

Requests for Information

The financial report is designed to provide a general overview of the Ingham County's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the office of the Controller, Ingham County Courthouse, Mason MI 48854.

BASIC FINANCIAL STATEMENTS

Ingham County, Michigan

STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Pooled cash and investments	\$ 63,118,144	\$ 8,121,982	\$ 71,240,126	\$ 12,243,405
Property taxes receivable	31,565,558	8,219,094	39,784,652	-
Special assessments receivable	-	-	-	26,752,985
Other receivables	10,672,044	11,649,161	22,321,205	3,447,318
Internal balances	1,993,423	(957,237)	1,036,186	-
Other assets	2,261,185	57,143	2,318,328	1,718,804
Advances to other governmental units	633,500	-	633,500	-
Restricted assets				
Pooled cash and investments	336,937	6,173,735	6,510,672	-
Escrow account for insurance claims	1,001,484	-	1,001,484	-
Intergovernmental receivable	-	41,497	41,497	-
Capital assets, net				
Assets not being depreciated	4,209,989	464,990	4,674,979	37,625,837
Assets being depreciated	44,861,950	10,301,977	55,163,927	88,050,457
TOTAL ASSETS	160,654,214	44,072,342	204,726,556	169,838,806
LIABILITIES				
Accounts payable and other current liabilities	12,810,437	1,353,312	14,163,749	3,208,981
Other accrued liabilities	659,147	383,966	1,043,113	286,881
Advances from other governmental units	-	-	-	633,500
Unearned revenue	19,583,115	11,369	19,594,484	158,419
Long-term liabilities				
Due within one year	4,399,573	7,811,401	12,210,974	5,374,907
Due in more than one year	25,735,929	6,718,441	32,454,370	24,672,953
TOTAL LIABILITIES	63,188,201	16,278,489	79,466,690	34,335,641
NET ASSETS				
Investment in capital assets, net of related debt	24,201,263	10,766,967	34,968,230	97,264,174
Restricted for				
Statutory delinquent tax administrative fee	-	585,278	585,278	-
Capital Improvements	46,680	-	46,680	-
Debt service	-	872,223	872,223	1,920,190
Tax sale proceeds	-	89,198	89,198	-
County roads	-	-	-	3,958,667
Other purposes	1,428,210	6,115,523	7,543,733	-
Unrestricted	71,789,860	9,364,664	81,154,524	32,360,134
TOTAL NET ASSETS	\$ 97,466,013	\$ 27,793,853	\$ 125,259,866	\$ 135,503,165

See accompanying notes to financial statements.

Ingham County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services and Other Program Revenues	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 22,193,079	\$ 5,020,114	\$ 5,294,743	\$ -	\$ (11,878,222)	\$ -	\$ (11,878,222)	\$ -
Public safety	34,702,692	7,497,436	2,405,651	-	(24,799,605)	-	(24,799,605)	-
Judicial	13,541,035	4,900,812	2,926,313	-	(5,713,910)	-	(5,713,910)	-
Public works	2,925,389	-	-	-	(2,925,389)	-	(2,925,389)	-
Health	35,419,642	10,392,827	13,583,588	-	(11,443,227)	-	(11,443,227)	-
Welfare	15,597,913	271,589	8,000,657	-	(7,325,667)	-	(7,325,667)	-
Education	63,344	30,225	28,256	-	(4,863)	-	(4,863)	-
Community and economic development	160,504	-	160,505	-	1	-	1	-
Culture and recreation	5,384,014	363,610	319,799	-	(4,700,605)	-	(4,700,605)	-
Debt service-interest	1,161,496	-	-	-	(1,161,496)	-	(1,161,496)	-
Total governmental activities	131,149,108	28,476,613	32,719,512	-	(69,952,983)	-	(69,952,983)	-
Business-type activities:								
Medical Care Facility	16,040,413	15,868,966	1,893,435	-	-	1,721,988	1,721,988	-
Delinquent tax collection	811,468	2,984,996	-	-	-	2,173,528	2,173,528	-
Refunding sanitary sewer project	211,236	210,836	-	-	-	(400)	(400)	-
Other	3,295,752	3,470,051	-	-	-	174,299	174,299	-
Total business-type activities	20,358,869	22,534,849	1,893,435	-	-	4,069,415	4,069,415	-
Total primary government	\$ 151,507,977	\$ 51,011,462	\$ 34,612,947	\$ -	(69,952,983)	4,069,415	(65,883,568)	-
Component units								
Road Commission	\$ 14,029,596	\$ 204,551	\$ 9,918,725	\$ 6,577,098	-	-	-	2,670,778
Economic Development	-	-	-	-	-	-	-	-
Land Bank	44,260	145,100	50,000	-	-	-	-	150,840
Drain Commission	3,765,033	89,686	-	4,352,586	-	-	-	677,239
Total component units	\$ 17,838,889	\$ 439,337	\$ 9,968,725	\$ 10,929,684	-	-	-	3,498,857
General revenues								
Property taxes					73,640,058	-	73,640,058	-
Taxes—restricted for tourism programs					1,987,122	-	1,987,122	-
Grants and contributions not restricted to specific programs					6,188	-	6,188	-
Unrestricted investment earnings					3,307,361	673,409	3,980,770	621,084
Gain on sale/disposal of capital assets					26,808	-	26,808	8,576
Miscellaneous					-	14,471	14,471	44,321
Transfers					2,900,366	(1,843,523)	1,056,843	-
Total general revenues and transfers					81,867,903	(1,155,643)	80,712,260	673,981
Change in net assets					11,914,920	2,913,772	14,828,692	4,172,838
Restated net assets, beginning of the year					85,551,093	24,880,081	110,431,174	131,330,327
Net assets, end of the year					\$ 97,466,013	\$ 27,793,853	\$ 125,259,866	\$ 135,503,165

See accompanying notes to financial statements.

Ingham County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2006

	General Fund	Health Fund	Emergency Telephone Fund
ASSETS			
Pooled cash and investments	\$ 28,401,002	\$ 1,250,109	\$ 6,648,101
Property taxes receivable	3,852,234	-	5,450,565
Accounts receivable	317,749	3,107,846	141,036
Accrued interest receivable	182,555	395	39,696
Due from other funds	9,610,387	100,688	424,302
Due from other governmental units	2,325,112	-	330,872
Prepaid items	182,947	3,934	-
Deferred assets	1,753,630	169,316	-
Advances to other funds	1,357,297	-	-
Advances to other governmental units	633,500	-	-
TOTAL ASSETS	\$ 48,616,413	\$ 4,632,288	\$ 13,034,572
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 680,749	\$ 648,795	\$ 3,189,036
Salaries and amounts withheld therefrom	1,763,662	647,138	-
Due to other funds	25,358,316	562,853	-
Due to other governmental units	227,149	-	-
Deposits payable	-	-	-
Advances from other funds	-	150,000	-
Deferred revenue	3,664,975	1,252,006	6,046,264
TOTAL LIABILITIES	31,694,851	3,260,792	9,235,300
FUND BALANCES			
Reserved for			
Prepaid items	182,947	3,934	-
Advances to other funds/governmental units	2,066,047	-	-
Contingent claims	10,000	-	-
Otto Clinic donations	-	65,875	-
Health Services	1,410,309	-	-
Debt services	-	-	-
Unreserved			
Designated for future expenditures			
General Fund	2,847,207	-	-
Special revenue funds	-	1,300,000	-
Capital projects funds	-	-	-
Undesignated, reported in			
General Fund	10,405,052	-	-
Special revenue funds	-	1,687	3,799,272
TOTAL FUND BALANCES	16,921,562	1,371,496	3,799,272
TOTAL LIABILITIES AND FUND BALANCES	\$ 48,616,413	\$ 4,632,288	\$ 13,034,572

See accompanying notes to financial statements.

Revenue Sharing Reserve Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 21,378,193	\$ 57,677,405
12,424,939	9,837,820	31,565,558
-	271,171	3,837,802
-	63,709	286,355
21,616,120	4,665,091	36,416,588
-	2,960,584	5,616,568
-	20,107	206,988
-	-	1,922,946
-	-	1,357,297
-	-	633,500
<u>\$ 34,041,059</u>	<u>\$ 39,196,675</u>	<u>\$ 139,521,007</u>

\$ -	\$ 2,501,342	\$ 7,019,922
-	270,445	2,681,245
5,435,530	4,125,474	35,482,173
-	171,854	399,003
-	1,312	1,312
-	38,917	188,917
-	11,117,512	22,080,757
<u>5,435,530</u>	<u>18,226,856</u>	<u>67,853,329</u>

-	20,107	206,988
-	-	2,066,047
-	-	10,000
-	-	65,875
-	-	1,410,309
-	162,935	162,935
-	-	2,847,207
-	4,438,797	5,738,797
-	46,680	46,680
-	-	10,405,052
<u>28,605,529</u>	<u>16,301,300</u>	<u>48,707,788</u>
<u>28,605,529</u>	<u>20,969,819</u>	<u>71,667,678</u>
<u>\$ 34,041,059</u>	<u>\$ 39,196,675</u>	<u>\$ 139,521,007</u>

Ingham County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2006

Total fund balances - governmental funds **\$ 71,667,678**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Capital assets, net of accumulated depreciation 46,825,114

Other long-term assets are not available to pay for current-period
expenditures and therefore are not recorded in the funds.

Long-term receivable included in deferred revenue	\$ 1,753,630	
Delinquent and uncollected property taxes not currently available	755,667	
Unamortized bond issue costs	119,740	
		2,629,037

Certain liabilities, such as bonds payable, are not due and payable in the current
period and therefore are not reported in the funds.

Bonds payable and other debt	(26,157,475)	
Accrued interest on bonds payable	(427,230)	
Accrued compensated absences and other long-term liabilities	(3,603,019)	
		(30,187,724)

Internal service funds are used by management to charge the cost of services
it individual funds. The assets and liabilities of the Internal service funds are
included in governmental activities in the statement of net assets.

Net assets of governmental activities accounted for in internal services funds	6,557,502	
Cumulative adjustment to consolidate internal services fund to business type activities	(25,594)	
		6,531,908

Net assets of governmental activities **\$ 97,466,013**

See accompanying notes to financial statements.

Ingham County, Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	General Fund	Health Fund	Emergency Telephone Fund
REVENUES			
Taxes	\$ 47,669,208	\$ -	\$ 5,930,604
Licenses and permits	334,769	-	-
Intergovernmental	7,048,753	13,583,588	235,426
Charges for services	10,931,874	6,038,895	-
Fines and forfeits	719,076	-	-
Interest	2,110,557	2,781	292,001
Other	1,376,679	3,875,892	1,216,765
Proceeds from deferred assets	1,380,021	-	-
TOTAL REVENUES	71,570,937	23,501,156	7,674,796
EXPENDITURES			
Current			
Public safety	24,488,565	-	6,461,159
Public works	128,688	-	-
Judicial	13,285,392	-	-
Culture and recreation	995,672	-	-
General government	14,075,295	-	-
Health	2,690,774	31,729,628	-
Welfare	342,887	-	-
Education	-	-	-
Community and economic development	160,504	-	-
Capital outlay	760,142	31,845	313,901
Debt Service			
Principal	-	-	4,591
Interest	-	-	1,247
TOTAL EXPENDITURES	56,927,919	31,761,473	6,780,898
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,643,018	(8,260,317)	893,898
OTHER FINANCING SOURCES (USES)			
Transfers in	7,845,210	8,272,120	-
Transfers out	(19,850,909)	(12,773)	-
TOTAL OTHER FINANCING SOURCES (USES)	(12,005,699)	8,259,347	-
NET CHANGE IN FUND BALANCES	2,637,319	(970)	893,898
Fund balances, beginning of year	14,284,243	1,372,466	2,905,374
Fund balances, end of year	<u>\$ 16,921,562</u>	<u>\$ 1,371,496</u>	<u>\$ 3,799,272</u>

See accompanying notes to financial statements.

Revenue Sharing Reserve Fund	Other Governmental Funds	Total Governmental Funds
\$ 13,807,395	\$ 8,923,278	\$ 76,330,485
-	-	334,769
-	11,801,925	32,669,692
-	1,202,285	18,173,054
-	-	719,076
-	530,506	2,935,845
-	860,870	7,330,206
-	-	1,380,021
13,807,395	23,318,864	139,873,148
-	2,051,504	33,001,228
-	2,818,564	2,947,252
-	-	13,285,392
-	3,993,949	4,989,621
-	5,295,653	19,370,948
-	-	34,420,402
-	15,090,002	15,432,889
-	63,344	63,344
-	-	160,504
-	903,218	2,009,106
-	2,136,057	2,140,648
-	1,066,328	1,067,575
-	33,418,619	128,888,909
13,807,395	(10,099,755)	10,984,239
-	15,277,688	31,395,018
(5,435,530)	(2,647,084)	(27,946,296)
(5,435,530)	12,630,604	3,448,722
8,371,865	2,530,849	14,432,961
20,233,664	18,435,373	57,231,120
\$ 28,605,529	\$ 20,966,222	\$ 71,664,081

Ingham County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Net change in fund balances - total governmental funds **\$ 14,434,663**

Amounts reported for governmental activities in the statement of net assets
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay	\$ 1,233,483	
Depreciation expense	<u>(3,725,605)</u>	
		(2,492,122)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year

Change in deferred delinquent personal and summer property taxes	(703,305)	
Change in deferred long-term receivable	<u>(1,175,015)</u>	
		(1,878,320)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Principal payments on long-term bonds and other debt	2,161,701	
Amortization premium on bond issuance	<u>(14,562)</u>	
		2,147,139

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in accrual for compensated absences and other accrued liabilities	134,868	
Increase in accrual for accrued interest payable	<u>(82,618)</u>	
		52,250

Internal service funds are used by management to change the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Net loss in internal service funds	(234,146)	
Portion applicable to Medical Care Facility Business activity	<u>(114,544)</u>	
		<u>(348,690)</u>

Change in net assets of governmental activities **\$ 11,914,920**

See accompanying notes to financial statements.

Ingham County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS

December 31, 2006

	Business-type Activities -	
	Medical Care Facility	Delinquent Tax Revolving
ASSETS		
Current assets		
Pooled cash and investments	\$ 3,447,362	\$ 3,539,162
Delinquent real property taxes receivable	-	8,219,094
Accounts receivable	2,448,033	35,848
Accrued interest receivable	55,647	21,578
Due from other governmental units	-	-
Leases receivable	-	-
Due from other funds	-	-
Inventories	15,120	-
Prepaid items	41,723	-
Total current assets	6,007,885	11,815,682
Noncurrent assets		
Subsidy receivable for debt service	-	-
Loans receivable	-	-
Leases receivable	-	-
Long-term accounts receivable	-	-
Restricted assets		
Pooled cash and investments	6,115,523	-
Escrow account for insurance claims	-	-
Capital assets		
Capital assets not being depreciated	132,832	-
Capital assets net of accumulated depreciation	7,021,281	6,268
Total capital assets, net of accumulated depreciation	7,154,113	6,268
Total noncurrent assets	13,269,636	6,268
TOTAL ASSETS	19,277,521	11,821,950
LIABILITIES		
Current liabilities		
Accounts payable	630,205	30,889
Salaries and amounts withheld therefrom	411,650	2,166
Other accrued liabilities	109,912	-
Advances from other funds - current	75,250	-
Due to other funds	39,050	-
Accrued interest payable	-	28,458
Compensated absences	294,511	3,580
Bonds/notes payable-current	-	6,700,000
Capital leases payable-current	-	-
Unearned revenue	-	-
Total current liabilities	1,560,578	6,765,093

Refunding Sanitary Sewer No. 3 & 4	Enterprise Funds		Governmental Activities Internal Service Funds
	Other Enterprise Funds	Total Enterprise Funds	
\$ 11,074	\$ 1,124,384	\$ 8,121,982	\$ 5,440,739
-	-	8,219,094	-
-	72,098	2,555,979	242,190
44	2,018	79,287	15,547
35,679	39,518	75,197	324,280
580,000	210,000	790,000	-
-	225	225	862,494
-	-	15,120	11,511
-	300	42,023	-
626,797	1,448,543	19,898,907	6,896,761
-	41,497	41,497	-
-	1,473,698	1,473,698	-
3,405,000	3,270,000	6,675,000	-
-	-	-	349,302
-	58,212	6,173,735	336,937
-	-	-	1,001,484
-	332,158	464,990	-
-	3,274,428	10,301,977	2,246,825
-	3,606,586	10,766,967	2,246,825
3,405,000	8,449,993	25,130,897	3,934,548
4,031,797	9,898,536	45,029,804	10,831,309
-	212,599	873,693	1,380,712
-	65,803	479,619	83,443
-	-	109,912	657,835
-	-	75,250	-
-	49,678	88,728	596,970
35,679	39,317	103,454	-
-	23,310	321,401	164,435
580,000	210,000	7,490,000	-
-	-	-	119,463
-	11,369	11,369	11,655
615,679	612,076	9,553,426	3,014,513

Ingham County, Michigan

Proprietary Funds

STATEMENT OF NET ASSETS - CONCLUDED

December 31, 2006

	Business-type Activities -	
	Medical Care Facility	Delinquent Tax Revolving
LIABILITIES - CONCLUDED		
Current liabilities payable from restricted assets		
Customer deposits payable	\$ -	\$ -
Accrued interest payable	-	-
Contingent claims	-	-
Patient trust liability	15,891	-
Total current liabilities payable from restricted assets	<u>15,891</u>	<u>-</u>
Noncurrent liabilities		
Notes payable	-	-
Compensated absences	-	-
Capital leases payable	-	-
Contingent claims payable	75,000	-
Advances from other funds	712,033	-
Total noncurrent liabilities	<u>787,033</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,363,502</u>	<u>6,765,093</u>
NET ASSETS		
Invested in capital assets, net of related debt	7,154,113	6,268
Restricted for statutory delinquent tax administration fee	-	585,278
Restricted for debt service	-	839,610
Restricted for tax sale proceeds	-	-
Restricted for other purposes	6,115,523	-
Unrestricted	3,644,383	3,625,701
TOTAL NET ASSETS	<u>\$ 16,914,019</u>	<u>\$ 5,056,857</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
NET ASSETS OF BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

Refunding Sanitary Sewer No. 3 & 4	Enterprise Funds		Governmental Activities
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ -	\$ 58,212	\$ 58,212	\$ -
-	21,497	21,497	-
-	-	-	818,882
-	-	15,891	-
-	79,709	95,600	818,882
3,405,000	3,290,000	6,695,000	-
-	23,441	23,441	-
-	-	-	91,110
-	-	75,000	-
-	107,045	819,078	349,302
3,405,000	3,420,486	7,612,519	440,412
4,020,679	4,112,271	17,261,545	4,273,807
-	3,606,586	10,766,967	2,036,252
-	-	585,278	-
11,118	21,495	872,223	-
-	89,198	89,198	-
-	-	6,115,523	1,428,210
-	2,068,986	9,339,070	3,093,040
\$ 11,118	\$ 5,786,265	27,768,259	\$ 6,557,502
		25,594	
		\$ 27,793,853	

Ingham County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	Business-type Activities -	
	Medical Care Facility	Delinquent Tax Revolving
OPERATING REVENUES		
Charges for services	\$ 15,857,775	\$ 18,739
Sales	-	-
Interest on taxes	-	1,771,923
Collection fees	-	1,194,334
Other	11,191	-
TOTAL OPERATING REVENUES	15,868,966	2,984,996
OPERATING EXPENSES		
Administrative	-	429,874
Fees and insurance	-	377,360
Retirement contributions	-	-
Current and contingent claims	-	-
Depreciation	461,657	4,234
Other	14,592,056	-
TOTAL OPERATING EXPENSES	15,053,713	811,468
OPERATING INCOME	815,253	2,173,528
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	391,863	266,553
Quality assurance supplement	1,893,435	-
Quality assurance expense	(1,051,273)	-
Maintenance of effort	(41,353)	-
Other - contributions	-	-
Interest and fiscal charges	(8,618)	-
Gain (loss) on disposal of capital assets	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	1,184,054	266,553
INCOME BEFORE TRANSFERS	1,999,307	2,440,081
Transfer in	-	-
Transfer out	-	(2,078,000)
CHANGE IN NET ASSETS	1,999,307	362,081
Net assets, beginning of year	14,914,712	4,694,776
Net assets, end of year	<u>\$ 16,914,019</u>	<u>\$ 5,056,857</u>

Change in net assets - enterprise funds

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

CHANGE IN NET ASSETS - BUSINESS-TYPE ACTIVITIES

See accompanying notes to financial statements.

Refunding Sanitary Sewer No. 3 & 4	Enterprise Funds		Governmental Activities
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 210,836	\$ 709,688	\$ 16,797,038	\$ 20,768,662
-	397,878	397,878	960
-	10,938	1,782,861	-
-	-	1,194,334	-
-	2,351,547	2,362,738	4,560,551
<u>210,836</u>	<u>3,470,051</u>	<u>22,534,849</u>	<u>25,330,173</u>
-	2,226,421	2,656,295	6,295,479
-	-	377,360	10,783,934
-	-	-	5,893,072
-	-	-	552,733
-	200,711	666,602	636,977
-	694,481	15,286,537	909,949
-	3,121,613	18,986,794	25,072,144
<u>210,836</u>	<u>348,438</u>	<u>3,548,055</u>	<u>258,029</u>
686	14,307	673,409	166,511
-	-	1,893,435	-
-	-	(1,051,273)	-
-	-	(41,353)	-
-	14,471	14,471	-
(211,236)	(174,139)	(393,993)	(11,303)
-	-	-	(106,827)
<u>(210,550)</u>	<u>(145,361)</u>	<u>1,094,696</u>	<u>48,381</u>
286	203,077	4,642,751	306,410
-	236,036	236,036	348,921
-	(1,559)	(2,079,559)	(889,477)
<u>286</u>	<u>437,554</u>	<u>2,799,228</u>	<u>(234,146)</u>
10,832	5,348,711	24,969,031	6,791,648
<u>\$ 11,118</u>	<u>\$ 5,786,265</u>	<u>\$ 27,768,259</u>	<u>\$ 6,557,502</u>
		\$ 2,799,228	
		114,544	
		<u>\$ 2,913,772</u>	

Ingham County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

	Business-type Activities -	
	Medical Care Facility	Delinquent Tax Revolving
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 14,387,401	\$ 1,728,207
Receipts from grantors	-	-
Payments to suppliers	(6,156,435)	(765,528)
Payments to employees	(8,295,711)	(10,130)
Claims paid	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(64,745)	952,549
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayments on short-term debt	-	700,000
Quality assurance supplement	1,893,435	-
Quality assurance expense	(1,051,273)	-
Maintenance of effort	(41,353)	-
Interfund loan repaid	-	-
Contributions	-	-
Transfers in	-	-
Transfers out	-	(2,078,000)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	800,809	(1,378,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(197,978)	-
Principal paid on long-term debt	-	-
Interest paid on long-term debt	(8,618)	-
Advance paid to other funds	(74,505)	-
Payments received on long term leases receivable	-	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(281,101)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	391,863	266,554
NET INCREASE (DECREASE) IN POOLED CASH AND INVESTMENTS	846,826	(158,897)
Pooled cash and investments, beginning of year	8,716,059	3,698,059
Pooled cash and investments, end of year	<u>\$ 9,562,885</u>	<u>\$ 3,539,162</u>

Refunding Sanitary Sewer No. 3 & 4	Enterprise Funds		Governmental Activities Internal Service Funds
	Other Enterprise Funds	Total Enterprise Funds	
\$ 210,836	\$ 2,142,261	\$ 18,468,705	\$ 25,040,095
-	932,866	932,866	-
-	(2,290,078)	(9,212,041)	(19,877,002)
-	(545,156)	(8,850,997)	(2,702,393)
-	-	-	(2,169,597)
210,836	239,893	1,338,533	291,103
-	-	700,000	-
-	-	1,893,435	-
-	-	(1,051,273)	-
-	-	(41,353)	-
-	(49,678)	(49,678)	(508,684)
-	5,000	5,000	-
-	234,477	234,477	369,108
-	-	(2,078,000)	(400,981)
-	189,799	(387,392)	(540,557)
-	(147,275)	(345,253)	(169,056)
(550,000)	(205,000)	(755,000)	(115,461)
(211,236)	(174,139)	(393,993)	(11,302)
-	-	(74,505)	-
550,000	205,000	755,000	-
(211,236)	(321,414)	(813,751)	(295,819)
742	23,453	682,612	162,801
342	131,731	820,002	(382,472)
10,732	1,050,865	13,475,715	7,161,632
<u>\$ 11,074</u>	<u>\$ 1,182,596</u>	<u>\$ 14,295,717</u>	<u>\$ 6,779,160</u>

Ingham County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONCLUDED

Year Ended December 31, 2006

	Business-type Activities -	
	Medical Care Facility	Delinquent Tax Revolving
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ 815,253	\$ 2,173,528
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	461,657	4,234
(Increase) in taxes receivable	-	(1,269,095)
(Increase) in accounts receivable	(1,446,110)	(3,406)
(Increase) decrease in interest receivable	-	15,711
(Increase) decrease in due from other funds	-	-
(Increase) in due from other governmental units	-	-
(Increase) in loans receivable	-	-
(Increase) decrease in inventories	(4,899)	-
Decrease in prepaid items	596	-
Increase in accounts payable	91,978	21,524
Increase in salaries withheld	107,291	4,719
Increase in interfund payable	-	-
Increase in (decrease) other accrued liabilities	66,993	-
Increase in compensated absences	39,820	-
(Decrease) in patient trust liability	(1,708)	-
Increase (decrease) in due to other funds	(195,616)	-
Increase (decrease) in interest payable	-	5,334
Increase in current liabilities payable from restricted assets	-	-
(Decrease) in unearned revenue	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (64,745)</u>	<u>\$ 952,549</u>

See accompanying notes to financial statements.

Refunding Sanitary Sewer No. 3 & 4	Enterprise Funds		Governmental Activities Internal Service Funds
	Other Enterprise Funds	Total Enterprise Funds	
\$ 210,836	\$ 348,438	\$ 3,548,055	\$ 258,029
-	200,711	666,602	636,977
-	-	(1,269,095)	-
-	(25,465)	(1,474,981)	(298,776)
-	(500)	15,211	-
-	(225)	(225)	254,139
-	(199)	(199)	-
-	(355,500)	(355,500)	-
-	-	(4,899)	1,367
-	1,425	2,021	241,960
-	67,983	181,485	23,582
-	21,595	133,605	23,708
-	-	-	13,389
-	4,138	71,131	(1,011,990)
-	-	39,820	-
-	-	(1,708)	-
-	(9,576)	(205,192)	33,476
-	(1)	5,333	-
-	1,988	1,988	366,918
-	(14,919)	(14,919)	(251,676)
<u>\$ 210,836</u>	<u>\$ 239,893</u>	<u>\$ 1,338,533</u>	<u>\$ 291,103</u>

Ingham County, Michigan

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2006

	<u>Agency Funds</u>
ASSETS	
Pooled cash and investments	\$ 7,410,336
Accounts receivable	92,503
Accrued interest receivable	2,425
TOTAL ASSETS	<u>\$ 7,505,264</u>
LIABILITIES	
Deposits held	\$ 2,532,999
Undistributed receipts	469,269
Salaries and amounts withheld therefrom	241,930
Accrued pension liability	542,119
Due to other governmental units	3,718,947
TOTAL LIABILITIES	<u>\$ 7,505,264</u>

See accompanying notes to financial statements.

Ingham County, Michigan

Component Units

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Road Commission	Economic Development	Land Bank	Drain Commission	Total Component Units
ASSETS					
Pooled cash and investments	\$ 2,424,676	\$ 3,771	\$ 115,784	\$ 9,699,174	\$ 12,243,405
Special assessments receivable	-	-	-	26,752,985	26,752,985
Other receivables	2,249,011	-	111	1,198,196	3,447,318
Other assets	645,048	-	835,227	238,529	1,718,804
Capital assets, net					
Assets not being depreciated	19,341,611	-	-	18,284,226	37,625,837
Assets being depreciated	67,906,972	-	-	20,143,485	88,050,457
TOTAL ASSETS	92,567,318	3,771	951,122	76,316,595	169,838,806
LIABILITIES					
Accounts payable and other current liabilities	662,386	-	52,397	2,494,198	3,208,981
Other accrued liabilities	86,378	-	-	200,503	286,881
Advances from other governmental units	-	-	-	633,500	633,500
Unearned revenue	-	-	-	158,419	158,419
Long-term liabilities					
Due within one year	321,954	-	747,885	4,305,068	5,374,907
Due in more than one year	360,406	-	-	24,312,547	24,672,953
TOTAL LIABILITIES	1,431,124	-	800,282	32,104,235	34,335,641
NET ASSETS					
Invested in capital assets net of related debt	87,177,527	-	-	10,086,647	97,264,174
Restricted for					
Debt service	-	-	-	1,920,190	1,920,190
County roads	3,958,667	-	-	-	3,958,667
Unrestricted	-	3,771	150,840	32,205,523	32,360,134
TOTAL NET ASSETS	\$ 91,136,194	\$ 3,771	\$ 150,840	\$ 44,212,360	\$ 135,503,165

See accompanying notes to financial statements.

Ingham County, Michigan

Component Units

STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services and Other Program Revenues	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Economic Development	Land Bank	Drain Commission	Total Component Units
Road Commission	\$ 14,029,596	\$ 204,551	\$ 9,918,725	\$ 6,577,098	\$ 2,670,778	\$ -	\$ -	\$ -	\$ 2,670,778
Economic Development	-	-	-	-	-	-	-	-	-
Land Bank	44,260	145,100	50,000	-	-	-	150,840	-	150,840
Drain Commission	3,765,033	89,686	-	4,352,586	-	-	-	677,239	677,239
Total component units	<u>\$ 17,838,889</u>	<u>\$ 439,337</u>	<u>\$ 9,968,725</u>	<u>\$ 10,929,684</u>	2,670,778	-	150,840	677,239	3,498,857
General revenues									
Unrestricted investment earnings					64,341	-	-	556,743	621,084
Gain on sale/disposal of capital assets					-	-	-	8,576	8,576
Miscellaneous					44,321	-	-	-	44,321
Total general revenues and transfers					108,662	-	-	565,319	673,981
CHANGE IN NET ASSETS					2,779,440	-	150,840	1,242,558	4,172,838
Restated net assets, beginning of year					88,356,754	3,771	-	42,969,802	131,330,327
Net assets, end of year					<u>\$ 91,136,194</u>	<u>\$ 3,771</u>	<u>\$ 150,840</u>	<u>\$ 44,212,360</u>	<u>\$ 135,503,165</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

1. Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39); and *Statement on Michigan Governmental Accounting and Auditing No. 5*, these financial statements present the financial activities of Ingham County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

2. Blended Component Units

The Ingham County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Ingham County Building Authority is reported as if it were part of the (blended) primary government because its sole purpose is to finance and construct the County's public buildings.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Ingham County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Ingham County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Ingham County Road Commission maintains approximately 1,200 miles of local, state, and federal trunklines within Ingham County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, and contributions from other local governmental units within the County. No general fund monies are used for roads in the County. The three (3) member Board of Road Commissioners are appointed by the Ingham County Board of Commissioners for six-year terms. The Road Commission is financially accountable to the County due to all general long-term debt issuances or tax levies require County authorization. If approval is granted, such taxes would be levied under the taxing authority of the County and included as part of the County's total tax levy as well as reported in the Road Commission. This component unit is audited individually and the financial statements of the Ingham County Road Commission may be obtained from the administrative office of the Road Commission located at 301 Bush Street, Mason, MI 48854.

The Economic Development Corporation (EDC), which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by an eleven (11) person Board of Directors. The County appoints a voting majority of the EDC's board and is able to impose its will though the authority to approve or disapprove the EDC's project plans. The EDC is responsible for assisting in the expansion of business in the geographic area.

The Economic Development Corporation has a December 31 year end, and the financial statements for the EDC are included herein as separate audited financial statements are not issued.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Discretely Presented Component Units - concluded

The Land Bank Fast Track Authority (the "Land Bank") is a public body corporate organized pursuant to the Michigan Land Bank Fast Track P.A. 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Treasurer of the County of Ingham, Michigan. The Authority was legally established on November 1, 2005 and began operations subsequent to January 1, 2006. The Land Bank Fast Track Authority's Board of Directors is made up of the Land Bank Chair and four (4) board members who are all appointed by the Ingham County Board of Commissioners for overlapping four (4) year terms. The Land Bank has a December 31 year end. This component unit is audited individually and the financial statements of the Land Bank are issued under separate cover.

The Ingham County Drain Commission established pursuant to the Michigan Drain Code of 1956 is a separate legal entity with the power to contract, to sue and be sued, and to hold, manage, and dispose of real and personal property. The statutory governing board of Chapter 20 drainage districts consists of the Drain Commissioner, the Chair of the County Board of Commissioners, and one other member of the County Board of Commissioners. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commissioner of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drain district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commission has a December 31 year end, and the financial statements for the Drain Commission are included herein as separate audited financial statements are not issued.

4. Joint Venture

The Joint Building Authority is a joint venture between the City of Lansing and the Ingham County, and was established in 1998 to provide construction and management of a building in downtown Lansing that houses the courts, prosecuting attorney, and other related departments. The Authority is governed by a three (3) member board composed of one member each appointed by the City and County and one appointed jointly by the two units. Both the County and City will contribute cash and/or property to the Authority. Bonds were issued in 1999 by the Authority to provide the additional funding necessary to construct the building. Because the joint venture agreement does not provide an explicit contractual formula outlining the County's claim to the Authority's assets, it is deemed to be a "joint venture with no equity interest." Accordingly, no amounts are reported in the accompanying financial statements for the County's equity in the Authority. The Joint Building Authority is reported on a calendar year-end of December 31 and the financial statements are issued under separate cover.

The financial statements of the Joint Building Authority maybe obtained by writing to the Ingham County Financial Services Division, P.O. Box 319, Mason, Michigan 48854.

5. Jointly Governed Organizations

The County, in conjunction with other local governmental and corporate entities, is responsible for appointing the members of the boards of several other organizations. The County has no significant influence over the management of these organizations. Financial accountability is limited to the extent of any appropriated operating grant. Therefore, these organizations are not included in the County's financial report.

The Tri-County Community Mental Health Board provides comprehensive mental health services to the residents of Ingham, Eaton, and Clinton counties. Operating revenues are derived from federal, state and local governments as well as from fees for services. The organization is governed by a twelve (12) member board appointed equally by the Board of Commissioners of the three (3) counties it serves. Ingham County's 2006 contribution to the Tri-County Community Mental Health Board was \$1,925,460.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Jointly Governed Organizations - concluded

The Tri-County Regional Planning Commission services Ingham, Eaton, and Clinton counties. The Commission's membership includes those counties, the City of Lansing, the City of East Lansing, Delta Township, Meridian Township and the Michigan Department of Transportation. Also included by right, are the county road commissions and transit authorities, making a total of nineteen voting members. The Commission must adopt a proposed budget at its February meeting and submit the same to the Board of Commissioners of the three counties it serves and to the Lansing City Council with its request for allocation of funds. Each of these units contributes one-quarter of the total annual budget. Ingham County's 2006 contribution was \$108,997.

The Tri-County Aging Consortium is responsible for regional planning and coordination of services for older people in Ingham, Clinton, and Eaton Counties. The Consortium Board, the policy-making body for the agency, was established under the Urban Cooperation Act of 1967. The Consortium's thirteen-member board features the combined input and representation from the Lansing Mayor's Office, Lansing City Council, East Lansing City Council, and the Boards of Commissioners of Ingham, Clinton, and Eaton Counties. Each of the governmental bodies contributes local funds which finance a portion of the Consortium's activities. The Consortium then pursues other funding sources to bring tax dollars back into the region for the purpose of providing services to senior citizens. Ingham County's 2006 contributions totaled \$70,963.

Ingham Regional Medical Center (IRMC) includes the operations of the former Ingham Medical Center (IMC) which was a County-owned hospital. On December 30, 1992, Ingham County sold its ownership interest in IMC to Lansing General Hospital, a Michigan private non-profit corporation. Lansing General combined its operations with IMC to form a new private non-profit corporation now known as Ingham Regional Medical Center. In addition to the economic consideration, the County received majority representation on the board of the new hospital entity for 10 years with continued representation of one (1) board member thereafter. This relationship provides no financial benefit or burden to the County.

The Capital Region Airport Authority operates the Capital City Airport and Mason Jewett Field and may acquire control over any additional airports not already in existence within the participating region. The Airport Authority is administered by a six (6) member board. Three (3) members are appointed by the County and three (3) are appointed by the City of Lansing. In addition to a tax levy of up to three-quarters of a mill, the Authority receives operating funds from revenue produced by airport operations and from federal grants. The tax is collected by the County for the Authority. The County provides no funding to the Airport Authority. Additionally, the County does not hold title to any of the Airport Authority's assets, nor does it have any right to the Airport Authority's surplus.

In 1997, Ingham County and the City of Lansing established the Capital Area District Library (CADL). Effective January 1, 1998, CADL assumed operating responsibility for the eleven (11) County library branches and one (1) library maintained by the Lansing School District. The CADL provides library services for most of Ingham County. Excluded from the District's service areas are the City of East Lansing and other locations where district libraries were already established. The CADL is administered by a seven (7) member board. The City of Lansing appoints two (2) board members and the County appoints the remaining five (5) board members. Four of the seven board members must be residents of the City of Lansing or Lansing Township. Although the County appoints a voting majority of the CADL Board, it does not have the authority to remove or censure any appointees. Furthermore, other than the initial financial support agreed to by the County, the CADL does not provide a financial benefit or impose a financial burden on the County. Accordingly, management has concluded that the County is not financially accountable for the CADL and determined that it is not a component unit of the County under guidelines established by GASB Statement No. 14.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Funds with Other Year Ends

The Ingham County Housing Commission Enterprise Fund and the Ingham County Health Department, Family Court Child Care, Social Welfare and DHS Child Care Special Revenue Funds are reported on a fiscal year ended September 30, 2006, and the Ingham County Fair Board is reported on a fiscal year ended October 31, 2006.

7. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are presented as general revenues. This includes all taxes, interest, and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major governmental funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The County Health Department Fund accounts for the delivery of a vast array of health services to the residents of Ingham County. This fund is accounted for on a September 30 fiscal year end, which coincides with the Health Department's primary funding source.
- c. The Emergency Telephone Fund accounts for the operations of the emergency telephone and dispatch system.
- d. The Revenue Sharing Reserve Fund account for accelerated property tax collections held for the replacement of future state shared revenues.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Basis of Presentation - concluded

FUND FINANCIAL STATEMENTS - CONCLUDED

The major proprietary funds of the County are:

- a. The Medical Care Facility Fund is used to report activities related to providing long-term care services to elderly residents of the County. These activities are financed primarily by user charges (Medicaid, Medicare, private, etc.).
- b. The Delinquent Tax Revolving Fund accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt services payments.
- c. The Refunding Sanitary Sewer Project No. 3 and No. 4 Fund accounts for the financing of system improvements for Delhi Township.

8. Measurement Focus

The government-wide, proprietary, and the fiduciary fund's financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for agency fiduciary funds since assets equal liabilities.

9. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is 60 days or within one year if reimbursement based grants. Revenues that are considered measurable but not available are recorded as receivable and deferred revenue. Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Basis of Accounting - concluded

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: a) charges to customers or applicants for goods, services, or privileges provided, b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

10. Pooled Cash and Investments

The County pools cash resources of various primary government and component unit funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Pooled cash and investments include amounts in demand deposits, savings accounts, as well as amounts in the County Treasurer's cash management pools and temporary investments in certificates of deposit, money markets, U.S. Government Securities, commercial paper, and investment trust funds. These cash pools have the general characteristics of demand deposit accounts in that deposits and withdrawals may be made at any time without prior notice or penalty.

11. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and accounts receivable related to charges for services and various other County activities. Receivables are shown net of an allowance for uncollectibles, when applicable.

12. Inventories

Inventories are stated at cost, which approximates market, on a first in/first out basis. The cost of inventory items in the primary government governmental funds is recorded as an expenditure at the time of purchase.

Inventories of road materials and equipment parts are recognized using the consumption method (inventories are recorded as expenditures when they are used). Inventories are stated at average cost.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**13. Restricted Assets**

Certain revenues and resources in the proprietary fund types are classified as restricted assets on the balance sheet because their use is limited. The restricted assets of the Housing Commission include a "subsidy receivable from Federal Government for debt service" account which is used to report the agreement between the Ingham County Housing Commission and the U.S. Department of Housing and Urban Development (HUD). The "escrow account for insurance claims" in the insurance related internal service funds is used to report funds on deposit with insurance carriers and service agencies. The Medical Care Facility's restricted assets are funds that are required to be used for capital acquisitions. In addition, the Housing Commission and Fair Board funds hold customer deposits. Restricted assets that are not available for current operations are not considered cash equivalents.

14. Capital Assets**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)**

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental or business-type activities and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than two years, effective January 1, 2005. Prior to January 1, 2005 the threshold was \$1,000 (\$500 for computer equipment). Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	5 - 40 years
Equipment and furniture	3 - 20 years
Vehicles	3 - 5 years
Drain infrastructure	30 years

ROAD COMMISSION - COMPONENT UNIT

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported under governmental activities within the operating fund in the government-wide financial statements. Capital assets are defined by the Ingham County Road Commission as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

GASB Statement No. 34 required major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated, for fiscal years ending after June 30, 1980, be inventoried and capitalized.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings and improvements	40 years
Equipment	5 - 10 years
Infrastructure	8 - 50 years

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

15. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

16. Receivables/Payables Due From/To Other Governmental Units

Short-term payables/receivables between the primary government and its component units for various activities are reported appropriately as due to/due from other governmental units in accordance with generally accepted accounting principles.

Long-term advances from the primary government to component units are made to finance new activities during their initial operations and to finance capital acquisitions. The applicable fund balance is reserved in the fund financial statements for such advances to reflect the amount of fund balance not currently available for expenditure.

17. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds of the primary government and component units including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

18. Accrued Compensated Absences

In accordance with the County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested compensated absences earned as of December 31, 2006, including related payroll taxes, are recorded in the government-wide financial statements.

19. Deferred Revenue

Deferred revenue consists of amounts related to long-term receivables recorded at the fund level that are not available to finance current period expenditures and are therefore deferred and also amounts received for various grant programs that has not yet been earned.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

20. Budget Stabilization Fund

In April, 1983, the Budget Stabilization Ordinance was adopted by the Board of Commissioners per Resolution 83-74. This ordinance authorized the creation of a budget stabilization fund. Initial funding was provided for in the General Appropriation Resolution 84-171. The money in the Budget Stabilization Fund may only be appropriated by a resolution adopted by two-thirds vote of the Board of Commissioners for the purposes stated in the Budget Stabilization Ordinance.

21. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the Fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types.

The General Fund budget and the budgets for the following special revenue funds are adopted on an activity and cost category basis as submitted or specified by the State Uniform Chart of Accounts:

Friend of the Court Service
Health Department
Work Study Program
Anti-Drug Abuse Grant
Community Corrections
Family Court Child Care
Cooperative Reimbursement Prosecuting Attorney

Budgets for these funds are legally adopted using the following cost categories:

Personnel service
Controllable expenditures
Noncontrollable expenditures
Capital outlay
Debt service

Other funds for which budgets are required by the Michigan Uniform Budgeting and Accounting Act are adopted on an activity and fund basis. This includes all special revenue funds not specified above, including the Parks, Family Independence Agency Child Care, Social Welfare, and Veterans' Trust funds which are overseen by boards other than the Board of Commissioners.

The County employs the following procedures in establishing budgets:

- a. Prior to October 1, the County departments, in conjunction with the Controller's staff, prepare and submit their proposed operating and capital budgets to the finance committee for the calendar year commencing the following January 1. The operating and capital budgets include proposed expenditures and resources to finance them. The budget includes information on the past year, current year estimates and requested appropriations for the next year.
- b. A Public Hearing is held to obtain taxpayers' comments.
- c. Prior to December 31, the budgets are legally enacted through passage of an annual budget resolution. Any changes in the budget must be within the revenues and reserves estimated as available by the County Controller or the revenue estimates must be changed by an affirmative vote of a majority of the Board of Commissioners.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONCLUDED

21. Budgets and Budgetary Accounting - concluded

- d. For internal purposes, budgetary control over expenditures is maintained at the line-item level for most governmental funds. The Board of Commissioners, however, has authorized the Controller to make budgetary transfers between all budgeted funds, activities and line-items where determined necessary by the Controller to ensure budgetary compliance at the activity and/or cost category basis. Supplemental budgetary appropriations were made during the year, but were not in amounts considered material for specific disclosure herein.
- e. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- f. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations that were adopted.

22. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

23. Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

24. Comparative Data

Comparative data for the prior year has not been presented in all of the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

25. Internal Service Funds Allocation

The County has determined a portion of Internal Service Funds net assets and changes in net assets pertain to business-type activities and not governmental activities. This portion of net assets and changes in net assets is shown as business-type activities.

NOTE B: POOLED CASH AND INVESTMENTS

The County utilizes various pooled cash accounts and investments for over one hundred and twenty (120) funds. The County's pooled cash and investments consist of Treasurer's Cash Management Pools of various demand and savings accounts, money markets, certificates of deposit, commercial paper, U.S. Government Securities, and investment trust funds.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Enterprise Funds, Internal Service Fund, Trust and Agency Funds, and the Component Unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the applicable balance sheet or statement of net assets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE B: POOLED CASH AND INVESTMENTS - CONTINUED

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit, mutual funds, and commercial paper are held separately by some of the County's funds.

Interest earned on all of these funds is allocated to applicable funds based on policies/procedures established on a County-wide level.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of December 31, 2006, the carrying amounts and bank balance for each type of bank account are as follows:

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and Savings	\$ 7,030,946	\$ 8,102,487
Certificates of deposit	<u>31,120,000</u>	<u>31,120,000</u>
TOTAL REPORTING ENTITY	<u>\$38,150,946</u>	<u>\$39,222,487</u>

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE B: POOLED CASH AND INVESTMENTS - CONTINUED

Deposits - concluded

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of December 31, 2006, the primary government and component unit accounts were insured by the FDIC or FSLIC for \$3,007,728 and the amount of \$36,214,759 was uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable level are used as depositories.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

As of December 31, 2006 the carrying amounts and market values for each investment are as follows:

Investment

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Moody's/ S&P Rating</u>	<u>Weighted Average Maturity</u>
U.S. Agencies				
Federal Home Loan Bank	\$28,511,155	\$28,160,419	AAA	5 years
Federal National Mortgage Association	10,538,850	10,362,146	AAA	8 years
Federal Home Loan Mortgage Corporation	2,184,896	2,102,799	AAA	8 years
Federal Farm Credit Banks	<u>991,300</u>	<u>990,940</u>	AAA	192 days
Total U.S. Agencies	42,226,201	41,616,304		
Commercial Paper				
Daimler Chrysler Corporation	4,588,864	4,603,562	P-2	23 days
Smith-Barney-Division of Citigroup	<u>3,581,373</u>	<u>3,593,312</u>	P-1	12 days
Total Commercial Paper	8,170,237	8,196,874		
Uncategorized pooled investments				
Ambassador Capital Management	3,717,225	3,717,225	Not rated	N/A
CADRE - Cash Management Funds	350,000	350,000	Not rated	N/A
Independent Reserved Money Market	50,273	50,273	Not rated	N/A
Municipal Investment Funds	<u>2,396,065</u>	<u>2,798,522</u>	Not rated	N/A
Total uncategorized pooled investments	<u>6,513,563</u>	<u>6,916,020</u>		
TOTAL REPORTING ENTITY	<u>\$56,910,001</u>	<u>\$56,729,198</u>		

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. The County's U.S. agencies are held by the investment's counterparty, not in the name of the County.

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE B: POOLED CASH AND INVESTMENTS - CONCLUDED

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2006, rating information on the County's investments is presented above.

Interest Rate Risk

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return through the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Concentration of Credit Risk

The County will minimize a concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2006:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Pooled cash and investments	\$72,578,547	\$12,243,405	\$ 7,410,336	\$92,232,288
Pooled cash and investments - restricted	<u>6,173,735</u>	<u>-</u>	<u>-</u>	<u>6,173,735</u>
	<u>\$78,752,282</u>	<u>\$12,243,405</u>	<u>\$ 7,410,336</u>	<u>\$98,406,023</u>

The primary government and component unit cash and cash equivalents captions in the basic financial statements include \$16,938 and \$500 in imprest cash, respectively. The portion of pooled cash and cash equivalents for the Ingham County Housing Commission Enterprise Fund and the Ingham County Health Department, Family Court Child Care, Social Welfare, DHS Child Care Special Revenue Funds, and the Ingham County Fair Board presented above are as of December 31, 2006. However, the financial statements of the Ingham County Housing Commission Enterprise Fund and the Ingham County Health Department, Family Court Child Care, Social Welfare and DHS Child Care Special Revenue Funds are reported on a fiscal year ended September 30, 2006, and the financial statements of the Ingham County Fair Board is reported on a fiscal year ended October 31, 2006, which results in a timing difference of \$3,398,758. The portion of pooled cash and cash equivalents for the Joint Building Authority is \$71,120, which is reported in separate financial statements but included in the carrying amount and bank balances above.

NOTE C: INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental and internal service funds, enterprise funds, and component units have been eliminated.

PRIMARY GOVERNMENT

Transfers to General Fund from:

Health fund	\$ 6,260
Revenue Sharing Reserve fund	5,435,530

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE C: INTERFUND TRANSFERS - CONCLUDED

PRIMARY GOVERNMENT - CONCLUDED

Transfers to General Fund from - concluded:

Delinquent Tax Revolving fund	\$ 2,025,000
Nonmajor governmental funds	7,800
Nonmajor enterprise funds	310
Internal service funds	<u>370,310</u>

\$ 7,845,210

Transfer to Health fund:

General Fund	<u>\$ 8,272,120</u>
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Transfer to nonmajor governmental funds from:

General Fund	\$11,500,123
Health fund	121,782
Nonmajor governmental funds	3,144,373
Nonmajor enterprise funds	1,243
Internal service funds	<u>510,167</u>

\$15,277,688

Transfers to nonmajor enterprise funds from:

Delinquent Tax Revolving Fund	\$ 53,000
Nonmajor governmental funds	<u>183,036</u>

\$ 236,036

Transfers to internal service funds from:

General Fund	\$ 339,921
Other internal service funds	<u>9,000</u>

\$ 348,921

COMPONENT UNITS

Transfer to component unit funds from:

Other component units	<u>\$ 33,085</u>
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There was a difference of \$1,056,843 in the Primary Government transfers in (\$31,979,975) and transfers out (\$30,923,132) which was the result of timing differences of the various funds presented in the audit with different fiscal year ends other than December 31, 2006.

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The following schedule details interfund receivables and payables related to the primary government and component units at December 31, 2006:

PRIMARY GOVERNMENT

Due to General Fund from:

Health Department fund	\$ 464,257
Revenue Sharing Reserve fund	5,435,530
Medical Care Facility fund	75,250
Nonmajor governmental funds	3,078,492

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONCLUDED

PRIMARY GOVERNMENT - CONCLUDED

Due to General Fund from - concluded:

Nonmajor enterprise funds	\$ 49,678
Internal service funds	<u>507,180</u>
	<u>\$ 9,610,387</u>

Due to Health fund from:

General Fund	\$ 100,850
Nonmajor governmental funds	<u>(162)</u>
	<u>\$ 100,688</u>

Due to Emergency Telephone fund from:

General Fund	<u>\$ 424,302</u>
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Due to Revenue Sharing Reserve fund from:

General Fund	<u>\$21,616,120</u>
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Due to nonmajor governmental funds from:

General Fund	\$ 3,106,516
Health fund	9,853
Nonmajor governmental funds	1,548,490
Nonmajor enterprise funds	103
Internal service funds	<u>129</u>
	<u>\$ 4,665,091</u>

Due to enterprise funds from:

General Fund	<u>\$ 225</u>
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Due to internal service funds from:

General Fund	\$ 477,796
Health fund	197,689
Medical Care Facility fund	39,050
Nonmajor governmental funds	57,131
Nonmajor enterprise funds	1,170
Internal service funds	<u>89,658</u>
	<u>\$ 862,494</u>

COMPONENT UNIT

Due to component unit funds from:

Other component unit funds	<u>\$ 542,068</u>
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Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

There was a difference of \$1,036,186 in the Primary Government Due to's (\$38,636,604) and Due from's (\$37,600,418) which was the result of timing differences of the various funds presented in the audit with different fiscal year ends other than December 31, 2006.

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE E: ADVANCES RECEIVABLE AND PAYABLE

The following schedule details advances receivable and payable within primary government, and between the primary government and component unit at December 31, 2006:

Advance from General Fund to:	
Health fund	\$ 150,000
Medical Care Facility fund	712,033
Nonmajor governmental funds	38,917
Nonmajor enterprise funds	107,045
Internal service funds	<u>349,302</u>
	<u>\$ 1,357,297</u>
Advance from General Fund to:	
Component unit - Drain Commission	<u>\$ 633,500</u>

The advances from the General Fund to Health fund, Medical Care Facility fund, nonmajor governmental and enterprise funds, internal service funds are reported as Advances To/From Other Funds and were made for various long-term activities. Advances from the General Fund to the Drain Commission fund were made for working capital and are reflected in the financial statements as Advances To/From Other Governmental Units in accordance with GASB 34.

NOTE F: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

PRIMARY GOVERNMENT

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 4,809,611	\$ -	\$ (750,000)	\$ 4,059,611
Construction in progress	<u>94,062</u>	<u>150,093</u>	<u>(93,777)</u>	<u>150,378</u>
Subtotal	4,903,673	150,093	(843,777)	4,209,989
Capital assets being depreciated:				
Buildings and improvements	73,942,844	612,614	-	74,555,458
Equipment and furniture	<u>20,445,092</u>	<u>1,599,512</u>	<u>(4,825,571)</u>	<u>17,219,033</u>
Subtotal	94,387,936	2,212,126	(4,825,571)	91,774,491
Less accumulated depreciation for:				
Buildings and improvements	(31,643,327)	(2,390,437)	-	(34,033,764)
Equipment and furniture	<u>(15,509,472)</u>	<u>(1,972,145)</u>	<u>4,602,840</u>	<u>(12,878,777)</u>
Subtotal	<u>(47,152,799)</u>	<u>(4,362,582)</u>	<u>4,602,840</u>	<u>(46,912,541)</u>
Net capital assets being depreciated	<u>47,235,137</u>	<u>(2,150,456)</u>	<u>(222,731)</u>	<u>44,861,950</u>
Capital assets, net	<u>\$ 52,138,810</u>	<u>\$ (2,000,363)</u>	<u>\$ (1,066,508)</u>	<u>\$ 49,071,939</u>

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE F: CAPITAL ASSETS - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

Depreciation expense was charged to the following governmental activities:

General government	\$ 1,496,505
Public safety	1,012,014
Judicial	71,309
Health	878,638
Culture and recreation	267,139
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	<u>636,977</u>
Total depreciation expense	<u>\$ 4,362,582</u>

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 464,990	\$ -	\$ -	\$ 464,990
Construction in progress	<u>3,434,407</u>	<u>192,766</u>	<u>(3,627,173)</u>	<u>-0-</u>
Subtotal	3,899,397	192,766	(3,627,173)	464,990
Capital assets being depreciated:				
Buildings and improvements	16,738,986	3,757,096	(61,709)	20,434,373
Machinery and equipment	<u>1,158,587</u>	<u>22,564</u>	<u>(89,677)</u>	<u>1,091,474</u>
Totals at historical cost	17,897,573	3,779,660	(151,386)	21,525,847
Less accumulated depreciation for:				
Buildings and improvements	(9,802,805)	(610,916)	61,709	(10,352,012)
Machinery and equipment	<u>(905,849)</u>	<u>(55,686)</u>	<u>89,677</u>	<u>(871,858)</u>
Total accumulated depreciation	<u>(10,708,654)</u>	<u>(666,602)</u>	<u>151,386</u>	<u>(11,223,870)</u>
Net capital assets being depreciated	<u>7,188,919</u>	<u>3,113,058</u>	<u>-0-</u>	<u>10,301,977</u>
Capital assets, net	<u>\$ 11,088,316</u>	<u>\$ 3,305,824</u>	<u>\$(3,627,173)</u>	<u>\$ 10,766,967</u>

Depreciation expense was charged to the following governmental activities:

Medical Care Facility	\$ 461,657
Delinquent Tax Revolving	4,234
Housing Commission	127,386
Fair Board	70,727
Inmate Stores	<u>2,598</u>
Total depreciation expense	<u>\$ 666,602</u>

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE F: CAPITAL ASSETS - CONTINUED

COMPONENT UNITS

	Balance <u>Jan. 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2006</u>
Component Unit - Drain Commission				
Capital assets not being depreciated:				
Construction in progress	\$ 11,517,753	\$ 6,766,473	\$ -	\$ 18,284,226
Capital assets being depreciated				
Equipment	1,384,022	50,013	(166,590)	1,267,445
Infrastructure	<u>30,799,826</u>	<u>-</u>	<u>-</u>	<u>30,799,826</u>
Subtotal	32,183,848	50,013	(166,590)	32,067,271
Less accumulated depreciation for:				
Equipment	(1,219,316)	(56,388)	166,590	(1,109,114)
Infrastructure	<u>(9,788,011)</u>	<u>(1,026,661)</u>	<u>-</u>	<u>(10,814,672)</u>
Subtotal	<u>(11,007,327)</u>	<u>(1,083,049)</u>	<u>166,590</u>	<u>(11,923,786)</u>
Net capital assets being depreciated	<u>21,176,521</u>	<u>(1,033,036)</u>	<u>-0-</u>	<u>20,143,485</u>
Capital assets, net	<u>\$ 32,694,274</u>	<u>\$ 5,733,437</u>	<u>\$ -0-</u>	<u>\$ 38,427,711</u>
Component Unit - Road Commission				
Capital assets not being depreciated				
Land and land improvements	\$ 1,964,787	\$ 9,340	-	\$ 1,974,127
Infrastructure - land improvements	<u>16,721,670</u>	<u>645,814</u>	<u>-</u>	<u>17,367,484</u>
Subtotal	18,686,457	655,154	-0-	19,341,611
Capital assets being depreciated				
Buildings	6,164,367	-	-	6,164,367
Equipment -				
Road	8,991,172	225,500	(140,497)	9,076,175
Shop	243,529	-	-	243,529
Office	383,889	-	-	383,889
Computer	384,176	31,908	(38,632)	377,452
Engineer	148,448	-	-	148,448
Yard and storage	231,607	85,988	-	317,595
Signals	108,172	-	-	108,172
Infrastructure - roads	107,215,506	2,181,727	-	109,397,233
Infrastructure - bridges	9,091,222	2,310,197	-	11,401,419
Infrastructure - subdivisions	<u>5,734,714</u>	<u>1,086,624</u>	<u>-</u>	<u>6,821,338</u>
Subtotal	138,696,802	5,921,944	(179,129)	144,439,617

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE F: CAPITAL ASSETS - CONCLUDED

COMPONENT UNITS - CONCLUDED

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006
Component Unit - Road Commission - concluded				
Less Accumulated Depreciation				
Buildings	\$(2,565,696)	\$(314,925)	\$ -	\$(2,880,621)
Equipment -				
Road	(7,617,905)	(536,796)	140,497	(8,014,204)
Shop	(177,260)	(15,889)	-	(193,149)
Office	(345,201)	(13,542)	-	(358,743)
Computer	(270,962)	(74,262)	38,632	(306,592)
Engineer	(100,448)	(24,074)	-	(124,522)
Yard and storage	(190,247)	-	-	(190,247)
Signals	(6,916)	(7,212)	-	(14,128)
Infrastructure - roads	(57,712,858)	(4,279,260)	-	(61,992,118)
Infrastructure - bridges	(1,869,345)	(181,825)	-	(2,051,170)
Infrastructure - subdivisions	(120,416)	(286,735)	-	(407,151)
Subtotal	(70,977,254)	(5,734,520)	179,129	(76,532,645)
Net Capital Assets				
Being Depreciated	67,719,548	187,424	-0-	67,906,972
Total Net Capital Assets	<u>\$ 86,406,005</u>	<u>\$ 842,578</u>	<u>\$ -0-</u>	<u>\$ 87,248,583</u>

NOTE G: RECEIVABLES/DEFERRED REVENUE

Receivables in the governmental activities are as follows:

Property taxes	\$31,565,558
Other	
Accounts	1,321,448
Interest	301,902
Intergovernmental	<u>9,048,694</u>
	<u>10,672,044</u>
	<u>\$42,237,602</u>

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE G: RECEIVABLES/DEFERRED REVENUE - CONCLUDED

Receivables in the business-type activities are composed of the following:

Delinquent property taxes	\$ 8,219,094
Other	
Accounts	107,946
Interest	79,289
Intergovernmental	75,197
Leases	7,465,000
Patient receivable - net	2,448,033
Loans	<u>1,473,698</u>
	<u>11,649,163</u>
	<u>\$19,868,257</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental activities were as follows:

Property taxes receivable:		
General Fund	\$ 600,820	\$ 1,193,991
Emergency Telephone Fund	71,520	5,974,744
County Transportation System	33,340	3,378,909
Juvenile Justice Millage	49,987	4,183,243
Zoo Fund	-	3,259,853
Long-term receivables included in deferred assets	1,753,630	-
Revenues received in advance of being earned	<u>-</u>	<u>1,592,375</u>
	<u>\$ 2,509,297</u>	<u>\$19,583,115</u>

NOTE H: DEFERRED ASSET

In 1992, the County sold the Ingham Medical Center to an unrelated party for approximately \$24.5 million. By the terms and conditions of the sales agreement, the County received \$15.6 million in cash, \$0.8 million in land and a letter of credit for \$8.1 million. Under the letter of credit, the County could utilize the services of the former Ingham Medical Center at no cash cost through the year 2007, with the value of such services being charged against the letter of credit balance. Any balance remaining on the letter of credit after the 15-year period would be paid in cash to the County. In 1997, the sales agreement was amended to provide for a stated annual amount to be paid to the County, in either in-kind services or cash, each year through 2011, plus interest at 7.0% on the outstanding balance.

Accordingly, the County has recorded a deferred asset and an offsetting deferred revenue in the General Fund for the remaining balance, which was \$1,753,630 at December 31, 2006. During 2006, the County received \$1,380,020 of in-kind services under the amended sales agreement, which included \$1,175,015 applied towards the principal balance.

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portions) of the County for the year ended December 31, 2006:

	Balance Jan. 1, 2006	Additions	Deletions	Balance Dec. 31, 2006	Amount Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
General obligation bonds	\$ 26,659,302	\$ -	\$(2,009,562)	\$24,649,740	\$ 1,969,562
Installment purchase agreement	1,458,374	-	(141,058)	1,317,316	145,896
Capital leases	340,988	-	(120,052)	220,936	124,437
Other debt	186,546	15,892	(22,382)	180,056	13,583
Accrued compensated absences	<u>3,460,111</u>	<u>4,324,909</u>	<u>(4,017,566)</u>	<u>3,767,454</u>	<u>2,146,095</u>
Total Governmental Activities	32,105,321	4,340,801	(6,310,620)	30,135,502	4,399,573
Business-type Activities					
General obligation bonds	8,220,000	-	(755,000)	7,465,000	790,000
Delinquent tax notes payable	6,000,000	16,000,000	(15,300,000)	6,700,000	6,700,000
HUD permanent note payable	20,000	-	-	20,000	-
Accrued compensated absences	<u>291,292</u>	<u>580,188</u>	<u>(526,638)</u>	<u>344,842</u>	<u>321,401</u>
Total Business-type Activities	<u>14,531,292</u>	<u>16,580,188</u>	<u>(16,581,638)</u>	<u>14,529,842</u>	<u>7,811,401</u>
TOTAL PRIMARY GOVERNMENT	46,636,613	20,920,989	(22,892,258)	44,665,344	12,210,974
COMPONENT UNITS					
Road Commission					
Lease purchase agreements	148,336	-	(77,280)	71,056	46,867
Settlements	28,334	-	(28,334)	-0-	-
Accrued compensated absences	<u>756,825</u>	<u>-</u>	<u>(145,521)</u>	<u>611,304</u>	<u>275,087</u>
	933,495	-0-	(251,135)	682,360	321,954
Land Bank					
Line of credit	-	750,000	(2,115)	747,885	747,885
Drain Commission					
Special assessment debt	24,537,977	2,549,136	(1,141,448)	25,945,665	1,633,118
Drain notes	3,772,870	2,613,710	(3,772,870)	2,613,710	2,613,710
Accrued compensated absences	<u>29,273</u>	<u>73,275</u>	<u>(44,308)</u>	<u>58,240</u>	<u>58,240</u>
	<u>28,340,120</u>	<u>5,236,121</u>	<u>(4,958,626)</u>	<u>28,617,615</u>	<u>4,305,068</u>
TOTAL COMPONENT UNITS	<u>29,273,615</u>	<u>5,986,121</u>	<u>(5,211,876)</u>	<u>30,047,860</u>	<u>5,374,907</u>
TOTAL REPORTING ENTITY	<u>\$ 75,910,228</u>	<u>\$ 26,907,110</u>	<u>\$(28,104,134)</u>	<u>\$74,713,204</u>	<u>\$ 17,585,881</u>

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE I: LONG-TERM DEBT - CONTINUED

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT- GOVERNMENTAL ACTIVITIES

General Obligation Bonds

\$12,735,000 Ingham County Building Authority and Building Authority Refunding Bonds, dated August 1, 1998, due in annual installments ranging from \$370,000 to \$925,000 through July 1, 2018 with interest ranging from 4.3 percent to 5.0 percent, payable semi-annually, callable on or after July 1, 2008 at par.	\$ 2,500,000
\$10,500,000 Ingham County Building Authority Bonds, dated February 1, 2002, due in annual installments ranging from \$395,000 to \$840,000 through October 1, 2021 with interest ranging from 3.7 percent to 5.0 percent, payable semi-annually.	9,215,000
\$2,325,000 Ingham County Building Authority Bonds, dated May 1, 2003, due in annual installments ranging from \$90,000 to \$180,000 through October 1, 2022 with interest ranging from 2.5 percent to 4.1 percent, payable semi-annually.	2,080,000
\$11,505,000 Ingham County Building Authority Refunding Bonds, dated September 29, 2005, due in annual installments ranging from \$675,000 to \$1,090,000 through July 1, 2018 with interest ranging from 3.0 percent to 5.0 percent, payable semi-annually, callable on or after July 1, 2015 at par.	<u>10,680,000</u>
Subtotal	24,475,000
Unamortized bond premium	450,217
Unamortized loss on refunding	<u>(275,477)</u>
Total general obligation bonds	<u>\$24,649,740</u>

Installment Purchase Agreement

\$1,594,754 Installment Purchase Agreement, dated August 31, 2004, due in annual installments ranging from \$145,896 to \$184,742 through August 31, 2014 with interest of 3.43 percent, payable annually.	<u>\$ 1,317,316</u>
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Capital Leases

\$25,030 Dictaphone capital lease for a telephone recording device used by the Sheriff's Department, dated November 12, 2004, due in annual installments ranging from \$4,974 to \$5,389 through November 12, 2008, with annual interest of 8.342 percent, payable annually.	\$ 10,363
\$590,860 Telephone System capital lease, dated December 1, 2004, due in annual installments ranging from \$91,110 to \$119,463 through February 1, 2008 with interest of 3.47 percent, payable annually.	<u>210,573</u>
Total Capital Leases	<u>\$ 220,936</u>

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE I: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT- GOVERNMENTAL ACTIVITIES - CONCLUDED

Other Debt

\$90,733 Special Drain Assessments at Large levied against Ingham County, dated June 1, 1999, due in annual installments of \$4,560 through May 1, 2019 with interest of 4.6 percent, payable semi-annually.	\$ 59,286
\$184,857 Special Drain Assessment at Large levied against Ingham County, dated October 3, 1996, due in annual installments ranging from \$9,023 to \$11,337 through October 1, 2018 with interest of 2.25 percent, payable semi-annually.	<u>120,770</u>
Total other debt	<u>\$ 180,056</u>

PRIMARY GOVERNMENT- BUSINESS-TYPE ACTIVITIES

General Obligation Bonds

\$1,395,000 Sewage Disposal Bonds (City of Williamston), dated March 1, 2002, due in annual installments ranging from \$35,000 to \$140,000 through May 1, 2022 with interest ranging from 4.5 percent to 5.1 percent, payable semi-annually.	\$ 1,320,000
\$490,000 Water Supply No. 2 Serial Bonds, dated August 1, 1995, due in annual installments of \$30,000 through April 1, 2016 with interest ranging from 5.4 percent to 6.0 percent, payable semi-annually, callable on or after April 1, 2004, at par plus a premium ranging from 0.0 percent to 1.0 percent.	300,000
\$575,000 Water Supply No. 1 (City of Leslie) Serial Bonds, dated May 1, 1997, due in annual installments ranging from \$40,000 to \$55,000 through April 1, 2012 with interest ranging from 5.25 percent to 5.5 percent, payable semi-annually, callable on or after May 1, 2007, at par plus a premium ranging from 0.5 percent to 1.0 percent.	285,000
\$9,010,000 Refunding Bonds (Sanitary Sewer Projects No. 3 and 4), Series 1998, dated December 29, 1998, due in annual installments ranging from \$580,000 to \$765,000 through November 1, 2012 with interest ranging from 4.05 percent to 4.15 percent, payable semi-annually.	3,985,000
\$1,980,000 Sewage Disposal Bonds (Alaiedon Township), dated November 1, 2001, due in annual of \$105,000 through November 1, 2021 with interest ranging from 4.0 percent to 5.1 percent, payable semi-annually.	<u>1,575,000</u>
Total General Obligation Bonds	<u>\$ 7,465,000</u>

Delinquent Tax Note

2005 Tax Revolving fund general obligation tax note, dated June 6, 2006 through June 2008. The tax notes carry a variable interest rate tied to a Eurodollar base rate. All revenue related to 2006 delinquent real property taxes have been pledged as security for the notes.	<u>\$ 6,700,000</u>
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NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT- BUSINESS-TYPE ACTIVITIES - CONCLUDED

HUD Permanent Note

A debt service requirement is not available for the Housing Commission's HUD permanent note. This note is guaranteed by the Federal Government. The Housing Commission has entered into an Annual Contribution Contract with the U.S. Department of Housing and Urban Development (HUD) under provisions of the United States Housing Act of 1937. In accordance with this contract, the Housing Commission receives annually a contribution from the Federal Government for debt service.

\$ 20,000

Accrued Compensated Absences - Governmental and Business-Type Activities

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused compensated absences under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$3,767,454 and \$344,842 for the governmental and business-type activities, respectively, at December 31, 2006. The amounts of \$2,146,096 and \$1,621,359 have been reported as current and noncurrent liabilities, respectively in the governmental activities. \$321,401 and \$23,441 have been reported as current and noncurrent liabilities, respectively in the business-type activities.

Advance Refunding - Prior

On September 29, 2005 the County defeased a portion of the 1998 Building Authority and Building Authority Refunding Bonds and the 1996 Building Authority Bonds which are due and payable through July 1, 2018 and November 1, 2016, respectively. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority 2005 Refunding Bonds in the amount of \$11,505,000 to fund escrow amounts, pay the cost of issuance of the refunding bonds, and pay the remaining balances of the 1998 Building Authority and Building Authority Refunding Bonds and the 1996 Building Authority Bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2006, bonds due and payable through July 1, 2018 for the 1998 Building Authority and Building Authority Refunding Bonds and the 1996 Building Authority Bonds in the amount of \$10,890,000 are considered defeased.

On December 29, 1998 the County defeased the Series 1990 Bonds (Sanitary Sewer Projects No. 3) and the Series 1991 Bonds (Sanitary Sewer Projects No. 4) which are due and payable through November 1, 2012. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. government securities sufficient to meet the applicable principal and interest obligations. The County issued Series 1998 Refunding Bonds (Sanitary Sewer Projects No. 3 & 4) in the amount of \$9,010,000 to fund escrow amounts, pay the costs of issuance of the refunding bonds, and pay the remaining balances of the Series 1990 and 1991 Bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the County's financial statements. At December 31, 2006, bonds due and payable through November 1, 2012 for the 1990 and 1991 Debt Service Bonds in the amount of \$4,025,000 are considered defeased.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT- ROAD COMMISSION

Lease Purchase Agreements

\$139,200 Lease purchase agreement with John Deere Company consists of an obligation for two wheel loaders. Quarterly payments of \$12,289 include interest of 4.25% with the last payment due on May 10, 2008. The cost of the loaders under the lease purchase agreement amounted to \$197,700. The lease purchase agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception.

\$ 71,056

Compensated Absences

In accordance with Road Commission personnel policies and/or contracts negotiated with various employee groups of the Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused leave time under formulas and conditions specified in their respective personnel policies and/or contracts.

Accumulated leave time and related payroll taxes represents a liability to the Road Commission, which is presented in a current and long-term portion of the liability. For this reason, the total liability reported in the government-wide financial statements represents a total liability of \$611,304. The Road Commission has determined the current portion of the total liability to be \$275,087 and the long-term portion of the liability to be \$336,217 at December 31, 2006.

COMPONENT UNIT- LAND BANK

Citizen's Bank Line of Credit

\$1,000,000 Operating Line of credit with Citizen's Bank dated April 28, 2006, with interest of 6.45 percent, payable monthly.

\$ 747,885

COMPONENT UNIT- DRAIN COMMISSION

Special Assessment Debt

\$4,075,000 Tollgate Drainage District Serial Bonds, dated October 1, 1996, due in annual installments ranging from \$200,000 to \$330,000 through October 1 2016 with interest ranging from 4.80 percent to 4.85 percent, payable semi-annually, callable on or after October 1, 2006, at par.

\$ 2,610,000

\$2,350,000 Briarwood Drainage District Serial Bonds, dated July 1, 2006, due in annual installments ranging from \$50,000 to \$125,000 through May 1, 2026 with interest ranging from 4.1 percent to 4.375 percent, payable semi-annually.

2,350,000

\$2,985,000 Groesbeck Park Drainage District Serial Bonds, dated June 1, 1999, due in annual installments of \$150,000 through June 1, 2019 with interest ranging from 4.60 percent to 5.15 percent, payable semi-annually, callable on or after May 1, 2009, at par.

1,950,000

\$485,000 Webberville No. 2 Drainage District Serial Bonds, dated August 1, 1999, due in annual installments of \$30,000 through August 1, 2014 with interest ranging from 5.0 percent to 5.6 percent, payable semi-annually.

240,000

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT- DRAIN COMMISSION - CONTINUED

Special Assessment Debt - continued

\$926,016 consisting of 4 drain notes issued in 2004, due in annual installments ranging from \$19,950 to \$96,000 through November 1, 2012 with interest ranging from 2.59 percent to 3.83 percent, payable annually.	\$ 614,241
\$440,000 Harris Race Street Branch Drain Note, dated February 3, 2000, due in annual installments of \$44,000 through June 15, 2010 with interest of 5.7 percent, payable semi-annually.	176,000
\$2,035,000 Tobias Linn Road Branch Drainage District Serial Bonds, dated April 1, 2002, due in annual installments of \$105,000 through May 1, 2022 with interest ranging from 4.1 percent to 5.0 percent, payable semi-annually.	1,680,000
\$2,415,000 Diehl Drainage District Serial Bonds, dated July 1, 2003, due in annual installments of \$125,000 through May 1, 2023 with interest ranging from 2.5 percent to 4.25 percent, payable semi-annually.	2,125,000
\$720,000 Stoner-Clement Drainage District Serial Bonds, dated May 1, 2003, due in annual installments ranging from \$35,000 to \$40,000 through May 1, 2023 with interest ranging from 3.2 percent to 4.55 percent, payable semi-annually.	650,000
\$750,000 Cook and Thorburn Drainage District Serial Bonds, dated July 1, 2003, due in annual installments ranging of \$40,000 through May 1, 2023 with interest ranging from 3.25 percent to 4.50 percent, payable semi-annually.	680,000
\$750,000 Kalamink Drainage District Serial Bonds, dated November 1, 2003, due in annual installments ranging from \$35,000 to \$40,000 through May 1, 2024 with interest ranging from 3.2 percent to 4.85 percent, payable semi-annually.	675,000
\$2,155,000 Auctioneer Drainage District Serial Bonds, dated November 1, 2003, due in annual installments ranging from \$105,000 to \$110,000 through May 1, 2024 with interest ranging from 2.625 to 4.6 percent, payable semi-annually.	1,940,000
\$440,000 Lewis Petition Drainage District Serial Bonds, dated January 1, 2005, due in annual installments of \$19,408 through January 7, 2009 with interest of 3.63 percent, payable annually.	58,225
\$200,000 Inter-county Drain Note, dated March 28, 2005, due in annual installments of \$20,000 through June 1, 2014 with interest of 3.98 percent, payable annually.	160,000
\$194,500 Alton Washington Road Drainage District Serial Bonds, dated April 7, 2006, due in annual installments of \$19,450 with interest of 4.67 percent, payable annually.	194,500
\$2,010,000 Towar Snell Drainage District Serial Bonds, dated December 1, 2005, due in annual installments ranging from \$100,000 to \$105,000 through May 1, 2026 with interest ranging from 3.5 percent to 4.55 percent, payable semi-annually.	2,010,000

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: LONG-TERM DEBT - CONTINUED

COMPONENT UNIT- DRAIN COMMISSION - CONCLUDED

Special Assessment Debt - concluded

\$7,805,000 Towar Gardens Drainage District Serial Bonds, dated December 1, 2005, due in annual installments ranging from \$390,000 to \$395,000 through May 1, 2026 with interest ranging from 3.75 percent to 4.15 percent, payable semi-annually.	<u>\$ 7,805,000</u>
Subtotal	25,917,966
Unamortized bond premium	<u>27,699</u>
Total Special Assessment Debt	<u>\$25,945,665</u>

Drain Note

Short-term special assessment drain notes payable totaling \$2,613,710 were outstanding at year end. These notes were issued at interest rates of 4.49% or at a single rate expressed in .01%, not exceeding 18% per annum, and are due at various dates through August 2007.	<u>\$ 2,613,710</u>
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Accrued Compensated Absences - Drain Commission

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused compensated absences under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$58,240 at December 31, 2006 and has been reported as a current liability at the fund level this year.

The annual requirements to pay the long-term debt principal and interest outstanding for the following bonds and loans are as follows:

PRIMARY GOVERNMENT

Governmental Activities

	<u>General Obligation Bonds</u>		<u>Installment Purchase</u>		<u>Capital Leases</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,955,000	\$ 1,059,922	\$ 145,896	\$ 45,183	\$ 124,437	\$ 8,427
2008	2,045,000	985,970	150,900	40,178	96,499	3,345
2009	1,945,000	908,603	156,076	35,003	-	-
2010	2,025,000	830,562	161,429	29,649	-	-
2011	1,855,000	747,893	166,966	24,113	-	-
2012-2016	8,400,000	2,677,637	536,049	37,185	-	-
2017-2021	6,070,000	838,310	-	-	-	-
2022	<u>180,000</u>	<u>7,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$24,475,000</u>	<u>\$ 8,056,277</u>	<u>\$ 1,317,316</u>	<u>\$ 211,311</u>	<u>\$ 220,936</u>	<u>\$ 11,772</u>

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE I: LONG-TERM DEBT - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

Governmental Activities - concluded

	<u>Other Governmental Debt</u>		<u>Total</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 13,583	\$ 5,393	\$ 2,238,916	\$ 1,118,925
2008	13,584	4,979	2,305,983	1,034,472
2009	13,814	4,558	2,114,890	948,164
2010	14,047	4,131	2,200,476	864,342
2011	14,277	3,697	2,036,243	775,703
2012-2016	74,627	11,789	9,010,676	2,726,611
2017-2021	36,124	1,557	6,106,124	839,867
2022-2026	<u>-</u>	<u>-</u>	<u>180,000</u>	<u>7,380</u>
Total	<u>\$ 180,056</u>	<u>\$ 36,104</u>	<u>\$26,193,308</u>	<u>\$ 8,315,464</u>

Business-type Activities

	<u>General Obligation Bonds</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 790,000	\$ 357,115
2008	825,000	323,730
2009	865,000	288,185
2010	915,000	244,535
2011	955,000	198,358
2012-2016	1,865,000	487,159
2017-2021	1,110,000	179,200
2022	<u>140,000</u>	<u>3,570</u>
Total	<u>\$ 7,465,000</u>	<u>\$ 2,081,852</u>

The above annual payment schedules do not include the tax notes because due to the terms of the notes it is not possible to anticipate the amount of principal and interest that will be due each year.

A debt service requirement is not available for the Housing Commission's HUD permanent note. This note is guaranteed by the Federal Government. The Housing Commission has entered into an Annual Contribution Contract with the U.S. Department of Housing and Urban Development (HUD) under provisions of the United States Housing Act of 1937. In accordance with this contract, the Housing Commission receives annually a contribution from the Federal Government for debt service.

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE I: LONG-TERM DEBT - CONCLUDED

COMPONENT UNITS

	<u>Drain Commission</u>		<u>Road Commission</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,631,746	\$ 1,038,488	\$ 46,867	\$ 2,287
2008	1,725,746	975,801	24,189	388
2009	1,733,745	910,280	-	-
2010	1,609,264	843,001	-	-
2011	1,575,265	779,525	-	-
2012-2016	7,837,200	2,936,722	-	-
2017-2021	5,780,000	1,454,322	-	-
2022-2026	<u>4,025,000</u>	<u>386,100</u>	<u>-</u>	<u>-</u>
Total	<u>\$25,917,966</u>	<u>\$ 9,324,239</u>	<u>\$ 71,056</u>	<u>\$ 2,675</u>

The \$747,885 drawn on the \$1,000,000 line of credit for the Land Bank does not have an annual payment schedule reported because it is an operating line of credit that has not been fully drawn down and as a result the maturity schedule is unknown at December 31, 2006. Since the line of credit has no formal maturity date and has no formal amortization schedule established at year-end, it is reported as a current liability in the financial statements.

NOTE J: LEASES

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of networking equipment. There lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases and including in governmental activities are as follows:

Machinery and equipment	\$ 1,361,447
Less accumulated depreciation	<u>(889,087)</u>
	<u>\$ 472,360</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006, were as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>
2007	\$ 132,601
2008	<u>100,107</u>
Total minimum lease payments	232,708
Less amount representing interest	<u>(11,772)</u>
Present value of minimum lease payments	<u>\$ 220,936</u>

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE J: LEASES - CONCLUDED

Operating Leases (Lessee)

The governmental leases certain buildings and office space under noncancellable operating leases. Total costs for such leases were \$940,512 for the year ended December 31, 2006. Future minimum lease payments for these leases are as follows:

Year Ending December 31,	Governmental Activities		
	Joint Building Authority Lease	Other Leases	Total
2007	\$ 498,222	\$ 435,461	\$ 933,683
2008	500,037	244,975	745,012
2009	498,753	199,793	698,546
2010	499,030	128,102	627,132
2011	498,777	41,943	540,720
2012-2016	2,496,929	80,097	2,577,026
2017-2019	1,499,877	-	1,499,877
	<u>\$ 6,491,625</u>	<u>\$ 1,130,371</u>	<u>\$ 7,621,996</u>

Operating Leases (Lessor)

The County leases certain buildings and office space to other agencies under cancelable lease agreements. The lease payments are charged to other governmental entities at the pro-rata portion of the related debt service payments plus maintenance costs. The assets leased to other governmental entities under such arrangements were included in governmental activities at December 31, 2006, and were as follows:

Building and improvements	\$ 20,790,387
Less accumulated depreciation	(9,370,158)
	<u>\$ 11,420,229</u>

NOTE K: EMPLOYEE RETIREMENT SYSTEM

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE K: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONCLUDED

Funding Policy

The County is required to contribute to the Retirement Plan at an actuarially determined rate. The current rate ranges from 6.71% to 29.75% as a percentage of annual covered payrolls and varies by the participating employee groups. These contributions are funded by the County on behalf of plan members. In addition, certain employee bargaining groups have negotiated benefits whereby the participating members are required to contribute to the Plan. These participation levels range from 0.0% to 19.61% of their annual covered payroll. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted and/or negotiated by the County.

Annual Pension Cost

For the year ended December 31, 2006 the County's annual pension cost of \$5,352,684 for the plan was equal to the County's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2004, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, (4) and the assumption that benefits will increase 2.5% per year after retirement for certain retirees depending on the benefit option selected. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Three (3) year trend information

	Year Ended December 31,		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Actuarial value of assets	\$ 150,287,493	\$ 162,405,350	\$ 173,502,595
Actuarial accrued liability (AAL) (entry age)	199,547,894	215,946,290	228,698,783
Unfunded AAL	49,260,401	53,540,940	55,196,188
Funded ratio	75%	75%	76%
Covered payroll	49,516,317	52,999,865	53,326,694
UAAL as a percentage of covered payroll	99%	101%	104%
Annual pension cost	4,852,075	5,892,271	5,771,241
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

COMPONENT UNIT - ROAD COMMISSION

The Commission participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time employees are covered by the retirement system.

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE K: EMPLOYEE RETIREMENT SYSTEM - CONTINUED

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

Normal Retirement:

Age 55 with 20 or more years of credited service
Age 60, if vested

Reduced Retirement:

Age 50 with 25 or more years of credited service
Age 55 with 15 or more years of credited service
Age 60 with 10 or more years of credited service

Mandatory Retirement: None

Deferred Retirement:

The termination of membership before age 60, other than by retirement or death, after vested is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

Funding Policy

Covered employees contribute 0% of their annual salary to the retirement system. The Road Commission currently contributes the remaining amounts necessary to fund the system.

Annual Pension Cost

For the year ended December 31, 2006 the Commission's annual pension cost of \$777,373 for the plan was equal to the Road Commission's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2004, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE K: EMPLOYEE RETIREMENT SYSTEM - CONCLUDED

COMPONENT UNIT - ROAD COMMISSION - CONCLUDED

Three (3) year trend information

	Year Ended December 31,		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Actuarial value of assets	\$19,792,516	\$20,630,903	\$21,367,811
Actuarial accrued liability (AAL)	24,157,395	26,235,825	27,326,707
Unfunded AAL	4,364,879	5,604,922	5,958,896
Funded ratio	82%	79%	78%
Covered payroll	4,659,401	4,957,245	4,830,923
UAAL as a percentage of covered payroll	94%	113%	123%
Annual pension cost	651,929	751,334	748,758
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTE L: RISK MANAGEMENT

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

General Insurance Coverages

The County manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of these self-insurance programs and risk management pool participation.

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Ingham County with loss protection for general and auto liability, motor vehicle physical damage, and property damage. Under most circumstances the County's maximum loss per occurrence is limited as follows:

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE L: RISK MANAGEMENT - CONTINUED

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

General Insurance Coverages - concluded

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$ 150,000
Motor vehicle physical damage	30,000
Property coverage	100,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

Liability insurance claims are expensed as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for reported claims, and reported legal expenses as well as incurred but not reported claims. The County has elected to not participate in the Authority's Stop Loss Program.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Ingham County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The County has not been informed of any special assessments being required.

At December 31, 2006, the County had funds on deposit of \$870,621 with the Authority and reserves for reported claims of \$217,327.

Changes in the balances of claims liabilities during the past two years, including provision for incurred but not reported (IBNR) claims, are as follows:

	<u>2005</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 1,765,689	\$ 1,672,657
Incurred claims (including change in IBNR provision)	87,994	(887,606)
Claim payments	<u>(181,026)</u>	<u>(142,392)</u>
Unpaid claims, end of year	<u>\$ 1,672,657</u>	<u>\$ 642,659</u>

Employee Benefits

The County pays insurance premiums for most of its employee health insurance. Employees are also offered a high deductible, low premium health insurance plan that is self insured. The County is self insured for dental and vision coverage. These plans are accounted for in an internal service fund (i.e., the Employee Benefits Fund). The self-insured programs are administered by third-party administrators who provide claims review and processing services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE L: RISK MANAGEMENT - CONTINUED

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONCLUDED

Employee Benefits - concluded

Premiums for both commercial and self-insured programs are paid into the internal service funds by all other funds based on actual or illustrated rates. These premiums are used to purchase insurance coverage from commercial carriers or, in the case of the self-insured programs, are available to pay dental and vision claims and administrative costs.

Because management anticipates the illustrated self-insured premium rates to approximate actual costs over time and it believes that any liabilities for incurred but not reported (IBNR) claims at year end would be immaterial, no IBNR liability has been recorded.

Unemployment

The County is self-insured for unemployment benefits, which is also accounted for in the Employee Benefits Fund. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expended when paid:

	<u>2005</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	64,346	78,015
Claim payments	<u>(64,346)</u>	<u>(78,015)</u>
Unpaid claims, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>

Workers' Compensation

The County maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation Fund) and the Medical Care Facility Enterprise Fund. The program is administered by a third-party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess commercial coverage insurance policy covers individual claims in excess of \$300,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2005</u>	<u>2006</u>
Workers Compensation Fund:		
Unpaid claims, beginning of year	\$ 584,132	\$ 451,964
Incurred claims (including IBNR's)	137,624	705,189
Claim payments	<u>(269,792)</u>	<u>(338,271)</u>
Unpaid claims, end of year	<u>\$ 451,964</u>	<u>\$ 818,882</u>
Medical Care Facility Fund:		
Unpaid claims, beginning of year	\$ 100,000	\$ 59,940
Incurred claims	67,208	216,966
Claim payments	<u>(107,268)</u>	<u>(201,906)</u>
Unpaid claims, end of year	<u>\$ 59,940</u>	<u>\$ 75,000</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE L: RISK MANAGEMENT - CONCLUDED

ROAD COMMISSION - COMPONENT UNIT

The Commission is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

The Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protections, claims administration and risk management and loss control services pursuant to Michigan Public Act 138 of 1982. In the event that the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Road Commission has not been informed of any special assessments being required.

The Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Commission also has self-insurance for workers' compensation as a member of the County Road Association Self-Insurance Fund. The Commission has full statutory coverage for workers' disability compensation and employers' liability as granted by the State of Michigan under Chapter 6, Section 418.611 of the Workers' Disability Compensation Act. In the event that the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Road Commission has not been informed of any special assessments being required. The Commission pays quarterly premiums to the Pool for workers' compensation insurance and occupational therapy. Employee medical benefits insurance is purchased through PHP and MERS.

At December 31, 2006, there were no claims that exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years.

NOTE M: CONTINGENT LIABILITIES

The County and its Component Units participate in a number of Federal and State assisted grant programs which are subject to compliance audits. The Single Audit of the Federal Programs and the periodic program compliance audits of many of the State programs have not yet been completed or final resolution has not been received. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County and its Component Units expect such amounts, if any, to be immaterial.

There are various legal actions pending with the County and its Component Units. Due to the inconclusive nature of many of the actions, it is not possible for Legal Counsel to determine the probable outcome or a reasonable estimate of potential liabilities, if any. Those actions for which a reasonable estimate can be determined of the potential liability to the County and its Component Units and that would not be covered by insurance and reserves, if any, could be material to the County and its Component Units.

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE N: PROPERTY TAXES AND TAXES RECEIVABLE

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County's 2004 to 2006 ad valorem operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy will be shifting over the next three years from winter to summer.

The County's Winter 2005 and Summer 2006 ad valorem taxes were levied and collectible on December 1, 2005 and July 1, 2006, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's Winter 2005 and Summer 2006 tax levies have been recognized as revenue in the current fiscal year.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

The 2006 taxable value of Ingham County amounted to \$7,522,177,686 on which ad valorem taxes levied consisted of 4.2341 mills for general operations, 0.4768 mills for the County Transportation System, 0.8431 mills for Emergency 911 services, 0.7079 mills for the Airport Authority, 0.5903 mills for the Juvenile Justice and 0.4600 mills for Potter Park Zoo.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2006. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

NOTE O: FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance is used to earmark a portion of fund balance to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund equity indicates that portion of fund balance or net assets which the County has set aside for specific purposes. These reserves and designations are recorded at the fund level to indicate management plans for these funds.

The following are the various fund balance reserves as of December 31, 2006:

PRIMARY GOVERNMENT

General Fund

Reserved for

Prepaid items

\$ 182,947

Advances

2,066,047

Contingent claims

10,000

Health services

1,410,309

\$ 3,669,303

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE O: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

PRIMARY GOVERNMENT - CONCLUDED

Special Revenue Funds	
Health Fund	
Reserved for prepaid items	\$ 3,934
Reserved for Otto Clinic donations	65,875
Hotel/Motel Accommodation Tax Fund	
Reserved for prepaid items	20,107
Debt Service Funds	
CMH/Jail/Courthouse Refunding	
Reserved for debt service	132,952
Jail Renovation 2003	
Reserved for debt service	29,363
Refunding Bonds 2005	
Reserved for debt service	29
Grady Porter Building Renovation	
Reserved for debt service	<u>591</u>
	<u>252,151</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,922,154</u>

COMPONENT UNITS

Drain Commission	
Debt Service Funds	
Regular Drain	
Reserved for debt service	\$ 533,889
Diehl Consolidated	
Reserved for debt service	364,135
Stoner Clement Branch	
Reserved for debt service	142,500
Cook and Thorburn	
Reserved for debt service	134,334
Tollgate Drain	
Reserved for debt service	140,916
Groesbeck Drain	
Reserved for debt service	357,771
Webberville Drain #2	
Reserved for debt service	78,414
Williamston Drain	
Reserved for debt service	<u>368,734</u>
TOTAL COMPONENT UNITS	<u>\$ 2,120,693</u>

The following are the various fund equity designations as of December 31, 2006:

PRIMARY GOVERNMENT

General Fund	
Designated for future expenditures	\$ 2,847,207
Special Revenue Funds	
Health Fund	
Designated for future expenditures	1,300,000
Parks	
Designated for future expenditures	30,007

Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE O: FUND EQUITY RESERVES AND DESIGNATIONS - CONCLUDED

PRIMARY GOVERNMENT - CONCLUDED

Special Revenue Funds - concluded	
Friend of the Court Service	
Designated for future expenditures	\$ 1,128
ROD Automation	
Designated for future expenditures	861,832
Hotel/Motel Accommodation Tax	
Designated for future expenditures	413,004
Public Improvement	
Designated for future expenditures	2,958,974
Drug Law Enforcement	
Designated for future expenditures	146,872
Community Corrections	
Designated for future expenditures	26,980
Capital Projects Fund	
Capital Projects Control	<u>46,680</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 8,632,684</u>

NOTE P: RESTRICTED NET ASSETS

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2006:

PRIMARY GOVERNMENT

Governmental activities	
Restricted for	
Capital improvements	\$ 383,617
Data processing activities	30,876
Intergovernment services activities	18,622
Office equipment pool activities	40,291
Future insurance claims	870,621
Workers' compensation	30,000
Employee benefits	<u>100,863</u>
	<u>\$ 1,474,890</u>
 Business-type activities	
Medical Care Facility Fund	
Restricted for capital improvements	\$ 6,115,523
Delinquent Tax Revolving Fund	
Restricted for statutory delinquent tax administrative fee	585,278
Restricted for debt service	839,610
Refunding Sanitary Sewer No. 3 & 4	
Restricted for debt service	11,118
Restricted Tax Sale Proceeds	
Restricted for tax sale proceeds	89,198
Alaiedon Water & Sewer	
Restricted for debt service	4,950
Tobias-Linn Water & Sewer	
Restricted for debt service	398

Ingham County, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE P: RESTRICTED NET ASSETS - CONCLUDED

PRIMARY GOVERNMENT - CONCLUDED

Business-type activities - concluded

Water/Sewer No. 1	
Restricted for debt service	\$ 630
Water Supply No. 2	
Restricted for debt service	2,774
Sanitary Sewer No. 2	
Restricted for debt service	<u>12,743</u>
	<u>7,662,222</u>

TOTAL PRIMARY GOVERNMENT \$ 9,137,112

COMPONENT UNITS

Road Commission	
Restricted for primary and local roads	\$ 3,958,667
Drain Commission	
Restricted for debt service	<u>1,920,190</u>

TOTAL COMPONENT UNITS \$ 5,878,857

NOTE Q: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

In the required supplementary information to the financial statements, the County's budgeted expenditures in the General Fund and Special Revenue Fund have been shown at the functional classification level. The approved budgets of the County have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Funds.

During the year ended December 31, 2006, the County incurred expenditures in Hotel/Motel Accommodation Tax Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
Special Revenue Fund			
Hotel/Motel Accommodation Tax	\$ 1,907,500	\$ 1,973,307	\$ 65,807

NOTE R: FUND DEFICITS

The following Component Unit (Drain Commission) Fund had a fund deficit at December 31, 2006:

GIS Study (Capital Project) Fund	<u>\$ 346,861</u>
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NOTE S: RESTATEMENT OF NET ASSETS

Beginning net assets for the Road Commission (Discretely Presented Component Unit) activities have been restated for the current year financial statements. The restatement related to a correction of an overstated due from other governmental units in the prior year's financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE S: RESTATEMENT OF NET ASSETS - CONCLUDED

COMPONENT UNITS

Road Commission

Net assets, beginning	\$ 88,547,815
Overstated due from other governmental units	(191,061)

Restated net assets, beginning	<u>\$ 88,356,754</u>
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NOTE T: POST-EMPLOYMENT BENEFITS

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

In addition to providing pension benefits, the County provides certain health care and life insurance benefits for retired employees in accordance with negotiated labor agreements. Substantially all of the County's employees may become eligible for health insurance benefits and all full-time employees may become eligible for life insurance benefits if they reach normal retirement age while working for the County. At December 31, 2006, 386 retired employees were eligible to participate. The County incurred \$1,136,032 in post-employment benefit costs during 2006. These costs are recognized as an expense when claims or premiums are paid. Post-employment benefits are primarily funded by the County from current operating revenues; however, depending on the plan chosen, most participants are required to contribute at least partially to the premium costs.

COMPONENT UNIT - ROAD COMMISSION

In addition to providing pension benefits, the Road Commission provides certain health care benefits and life insurance, in accordance with union agreements and/or personnel policies to employees who have retired. In 2006, the Commission offered the retirees a choice between 2 Plans. One plan was a PPO and the other plan was a HMO, both are health programs, which pay for claims (less deductible and co-pay) in accordance with the group that the employee retired from. The Prescription Drug Program that is offered in accordance with both of the above plans is a self-insured program. For most retirees, the premium is based on the cost of the Prescription Drug Program. The Road Commission pays for 100% of the Health Portion of the insurance. For retirees or beneficiaries of retirees that retired before January 1, 1991, whose monthly benefits from Michigan Municipal Retirement System is \$800 or less, the Ingham County Road Commission will pay the premium for the Prescription Drug Program. The activity related to the process is accounted for in the 513 activity within the General Operating Fund. The 513 activity recognizes the payments of insurance as an expense and the premiums collected from retiree as an offset to that expense. Currently, fifty-six (56) retirees meet those eligibility requirements. Expenditures for post-employment health care benefits are recognized when the insurance premiums become due. During the year, expenditures of \$394,638 with a reimbursement amount \$140,941 were recognized for post-employment health care for a net cost of \$253,697.

The Road Commission also pays the life insurance premium for those retirees under a \$5,000 or \$10,000 policy. The total monthly premium was \$0.71/thousand dollars of coverage. In 2006 forty-one (41) retirees were covered at the \$5,000 level and thirteen (13) retirees at the \$10,000 level, for a monthly cost of \$237.85 to the Commission. Expenditures are recognized as the insurance premiums become due.

REQUIRED SUPPLEMENTARY INFORMATION

Ingham County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND EXPENDITURES

Year Ended December 31, 2006

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2005 Actual
Revenues					
Taxes	\$ 44,575,802	\$ 46,051,752	\$ 47,669,208	\$ 1,617,456	\$ 43,084,273
Licenses and permits	326,600	326,600	334,769	8,169	326,632
Intergovernmental	5,914,773	7,785,369	7,048,753	(736,616)	7,634,666
Charges for services	11,745,237	11,398,458	10,931,874	(466,584)	10,688,859
Fines and forfeits	428,600	553,429	719,076	165,647	560,047
Interest	1,915,824	1,915,824	2,110,557	194,733	1,562,896
Other	389,060	1,375,207	1,376,679	1,472	544,246
Proceeds from deferred asset	794,022	1,380,020	1,380,021	1	1,426,774
Total revenues	<u>66,089,918</u>	<u>70,786,659</u>	<u>71,570,937</u>	<u>784,278</u>	<u>65,828,393</u>
Expenditures					
Current					
Public safety	22,101,874	24,771,273	24,488,565	282,708	22,513,692
Public works	142,500	142,500	128,688	13,812	200,106
Judicial	13,353,551	13,747,666	13,285,392	462,274	12,132,110
Culture and recreation	679,540	1,095,709	995,672	100,037	1,022,948
General government	14,364,197	14,780,585	14,075,295	705,290	13,198,887
Health	2,682,229	2,690,911	2,690,774	137	2,614,864
Welfare	334,948	351,548	342,887	8,661	316,304
Community and economic development	183,000	160,504	160,504	-	581,923
Capital outlay	420,792	1,250,366	760,142	490,224	586,821
Total expenditures	<u>54,262,631</u>	<u>58,991,062</u>	<u>56,927,919</u>	<u>2,063,143</u>	<u>53,167,655</u>
Excess of revenues over expenditures	11,827,287	11,795,597	14,643,018	2,847,421	12,660,738
Other financing sources (uses)					
Transfers in	7,847,162	7,888,140	7,845,210	(42,930)	7,864,285
Transfers out	(19,612,869)	(21,203,063)	(19,850,909)	1,352,154	(18,380,665)
Total other financing sources (uses)	<u>(11,765,707)</u>	<u>(13,314,923)</u>	<u>(12,005,699)</u>	<u>1,309,224</u>	<u>(10,516,380)</u>
Net change in fund balance	61,580	(1,519,326)	2,637,319	4,156,645	2,144,358
Fund balance, beginning of year	14,284,243	14,284,243	14,284,243	-	12,139,885
Fund balance, end of year	<u>\$ 14,345,823</u>	<u>\$ 12,764,917</u>	<u>\$ 16,921,562</u>	<u>\$ 4,156,645</u>	<u>\$ 14,284,243</u>

Ingham County, Michigan

Health Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended September 30, 2006

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2005 Actual
Revenues					
Intergovernmental	\$ 13,721,009	\$ 15,110,360	\$ 13,583,588	\$ (1,526,772)	\$ 15,047,144
Charges for services	5,475,688	5,491,388	6,038,895	547,507	6,529,978
Interest	-	-	2,781	2,781	1,590
Other	3,766,295	3,886,430	3,875,892	(10,538)	2,493,368
Total revenues	<u>22,962,992</u>	<u>24,488,178</u>	<u>23,501,156</u>	<u>(987,022)</u>	<u>24,072,080</u>
Expenditures					
Health					
Personnel services	21,213,299	21,158,252	19,826,919	1,331,333	19,519,583
Controllable	9,282,153	10,896,600	10,709,232	187,368	9,129,680
Noncontrollable	1,136,363	1,196,363	1,193,477	2,886	1,137,491
Capital outlay	9,000	43,200	31,845	11,355	236,083
Total expenditures	<u>31,640,815</u>	<u>33,294,415</u>	<u>31,761,473</u>	<u>1,532,942</u>	<u>30,022,837</u>
Excess of revenues over expenditures	(8,677,823)	(8,806,237)	(8,260,317)	545,920	(5,950,757)
Other financing sources (uses)					
Transfers in	8,687,041	8,825,455	8,272,120	(553,335)	7,302,332
Transfers out	(9,218)	(19,218)	(12,773)	6,445	(48,715)
Total other financing sources (uses)	<u>8,677,823</u>	<u>8,806,237</u>	<u>8,259,347</u>	<u>(546,890)</u>	<u>7,253,617</u>
Net change in fund balance	-	-	(970)	(970)	1,302,860
Fund balance, beginning of year	<u>1,372,466</u>	<u>1,372,466</u>	<u>1,372,466</u>	-	<u>69,606</u>
Fund balance, end of year	<u>\$ 1,372,466</u>	<u>\$ 1,372,466</u>	<u>\$ 1,371,496</u>	<u>\$ (970)</u>	<u>\$ 1,372,466</u>

Ingham County, Michigan

Emergency Telephone Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2005 Actual
Revenues					
Taxes	\$ 5,755,533	\$ 5,755,533	\$ 5,930,604	\$ 175,071	\$ 4,987,463
Intergovernmental	-	331,543	235,426	(96,117)	-
Interest	180,000	180,000	292,001	112,001	250,113
Other	1,325,000	1,325,000	1,216,765	(108,235)	1,420,944
Total revenues	7,260,533	7,592,076	7,674,796	82,720	6,658,520
Expenditures					
Public safety	6,945,533	6,939,695	6,461,159	478,536	10,937,195
Capital outlay	-	442,058	313,901	128,157	-
Debt service	-	5,838	5,838	-	5,838
Total expenditures	6,945,533	7,387,591	6,780,898	606,693	10,943,033
Excess of revenues over expenditures	315,000	204,485	893,898	689,413	(4,284,513)
Other financing sources (uses)					
Transfers in	-	-	-	-	62,496
Net change in fund balance	315,000	204,485	893,898	689,413	(4,222,017)
Fund balance, beginning of year	2,905,374	2,905,374	2,905,374	-	7,127,391
Fund balance, end of year	<u>\$ 3,220,374</u>	<u>\$ 3,109,859</u>	<u>\$ 3,799,272</u>	<u>\$ 689,413</u>	<u>\$ 2,905,374</u>

Ingham County, Michigan

Revenue Sharing Reserve Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2006

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)	2005 Actual
Revenues					
Taxes	\$ -	\$ 5,435,530	\$ 13,807,395	\$ 8,371,865	\$ 13,807,396
Expenditures	-	-	-	-	-
Excess of revenues over expenditures	-	5,435,530	13,807,395	8,371,865	13,807,396
Other financing sources (uses)					
Transfers out	-	(5,435,530)	(5,435,530)	-	(5,261,888)
Net change in fund balance	-	-	8,371,865	8,371,865	8,545,508
Fund balance, beginning of year	20,233,664	20,233,664	20,233,664	-	11,688,156
Fund balance, end of year	<u>\$ 20,233,664</u>	<u>\$ 20,233,664</u>	<u>\$ 28,605,529</u>	<u>\$ 8,371,865</u>	<u>\$ 20,233,664</u>

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUND

GENERAL FUND

MAJOR GOVERNMENTAL FUND

GENERAL FUND

General Fund - This fund is used to account for all financial transactions not required to be accounted for in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, State and Federal distributions, grants, and other intergovernmental revenues. General operating expenditures of the County are accounted for in this fund, including the operation of general county government; boards; commissions; the court system; and the administration of law enforcement, health, welfare, and medical assistance programs.

Ingham County, Michigan

General Fund

COMPARATIVE BALANCE SHEETS

December 31, 2006

	2006	2005
ASSETS		
Pooled cash and investments	\$ 28,401,002	\$ 16,044,399
Property taxes receivable	3,852,234	12,780,553
Accounts receivable	317,749	144,580
Accrued interest receivable	182,555	163,427
Due from other funds	9,610,387	11,672,939
Due from other governmental units	2,325,112	2,816,609
Prepaid items	182,947	126,971
Deferred asset	1,753,630	2,928,645
Advances to other funds	1,357,297	1,508,143
Advances to other governmental units	633,500	633,500
TOTAL ASSETS	\$ 48,616,413	\$ 48,819,766
LIABILITIES		
Accounts payable	\$ 680,749	\$ 320,690
Salaries and amounts withheld therefrom	1,763,662	744,298
Due to other governmental units	227,149	66,120
Due to other funds	25,358,316	14,036,090
Deferred revenue	3,664,975	19,368,325
TOTAL LIABILITIES	31,694,851	34,535,523
FUND BALANCE		
Reserved		
Prepaid items	182,947	126,971
Advances to other funds/governmental units	2,066,047	2,141,643
Contingent claims	10,000	10,000
Health services	1,410,309	1,610,309
Unreserved	-	-
Designated for future expenditures	2,847,207	2,428,077
Undesignated	10,405,052	7,967,243
TOTAL FUND BALANCE	16,921,562	14,284,243
TOTAL LIABILITIES AND FUND BALANCE	\$ 48,616,413	\$ 48,819,766

Ingham County, Michigan

General Fund

SCHEDULE OF EXPENDITURES BY COST CATEGORY
BUDGET AND ACTUAL

Year Ended December 31, 2006

	Personnel Services				Controllable Expenditures			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 17,560,760	\$ 18,269,377	\$ 18,070,407	\$ 198,970	\$ 3,267,864	\$ 5,228,188	\$ 5,207,651	\$ 20,537
Public works	-	-	-	-	142,500	142,500	128,688	13,812
Judicial	8,129,995	8,053,896	7,808,155	245,741	3,947,607	4,589,521	4,555,804	33,717
Cultural and recreation	398,051	555,645	514,368	41,277	175,535	434,110	391,706	42,404
General government	10,909,190	10,839,263	10,604,725	234,538	2,413,235	2,899,557	2,613,876	285,681
Health	4,150	4,150	4,048	102	2,677,994	2,686,676	2,686,676	-
Welfare	255,960	269,560	269,473	87	48,110	51,110	49,266	1,844
Community and economic development	-	-	-	-	183,000	160,504	160,504	-
Total Expenditures	<u>\$ 37,258,106</u>	<u>\$ 37,991,891</u>	<u>\$ 37,271,176</u>	<u>\$ 720,715</u>	<u>\$ 12,855,845</u>	<u>\$ 16,192,166</u>	<u>\$ 15,794,171</u>	<u>\$ 397,995</u>

	Noncontrollable Expenditures				Total			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 1,273,250	\$ 1,273,708	\$ 1,210,507	\$ 63,201	\$ 22,101,874	\$ 24,771,273	\$ 24,488,565	\$ 282,708
Public works	-	-	-	-	142,500	142,500	128,688	13,812
Judicial	1,275,949	1,104,249	921,433	182,816	13,353,551	13,747,666	13,285,392	462,274
Cultural and recreation	105,954	105,954	89,598	16,356	679,540	1,095,709	995,672	100,037
General government	1,041,772	1,041,765	856,694	185,071	14,364,197	14,780,585	14,075,295	705,290
Health	85	85	50	35	2,682,229	2,690,911	2,690,774	137
Welfare	30,878	30,878	24,148	6,730	334,948	351,548	342,887	8,661
Community and economic development	-	-	-	-	183,000	160,504	160,504	-
Total Expenditures	<u>\$ 3,727,888</u>	<u>\$ 3,556,639</u>	<u>\$ 3,102,430</u>	<u>\$ 454,209</u>	<u>\$ 53,841,839</u>	<u>\$ 57,740,696</u>	<u>\$ 56,167,777</u>	<u>\$ 1,572,919</u>

	Capital Outlay			
	Original Budget	Final Budget	Actual	Variance
Public safety	\$ 344,800	\$ 1,174,264	\$ 720,931	\$ 453,333
Judicial	7,383	7,383	3,841	3,542
Cultural	-	-	-	-
General government	68,609	68,719	35,370	33,349
Public works	-	-	-	-
Health	-	-	-	-
Welfare	-	-	-	-
Community and economic development	-	-	-	-
Total Expenditures	<u>\$ 420,792</u>	<u>\$ 1,250,366</u>	<u>\$ 760,142</u>	<u>\$ 490,224</u>

NONMAJOR GOVERNMENTAL FUNDS

Ingham County, Michigan
Nonmajor Governmental Fund Types
COMBINING BALANCE SHEET
December 31, 2006

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Pooled cash and investments	\$ 20,977,087	\$ 357,709	\$ 43,397	\$ 21,378,193
Property taxes receivable	9,837,820	-	-	9,837,820
Accounts receivable	271,171	-	-	271,171
Accrued interest receivable	62,592	1,117	-	63,709
Due from other funds	4,661,643	165	3,283	4,665,091
Due from other governmental units	2,960,584	-	-	2,960,584
Prepaid items	20,107	-	-	20,107
TOTAL ASSETS	\$ 38,791,004	\$ 358,991	\$ 46,680	\$ 39,196,675
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,501,342	\$ -	\$ -	\$ 2,501,342
Salaries and amounts withheld therefrom	270,445	-	-	270,445
Due to other funds	4,125,474	-	-	4,125,474
Due to other governmental units	171,854	-	-	171,854
Deposits payable	1,312	-	-	1,312
Advances from other funds	38,917	-	-	38,917
Deferred revenue	10,921,456	196,056	-	11,117,512
TOTAL LIABILITIES	18,030,800	196,056	-	18,226,856
FUND BALANCES				
Reserved for				
Prepaid items	20,107	-	-	20,107
Debt service	-	162,935	-	162,935
Unreserved				
Designated for future expenditures	4,438,797	-	46,680	4,485,477
Undesignated	16,301,300	-	-	16,301,300
TOTAL FUND BALANCES	20,760,204	162,935	46,680	20,969,819
TOTAL LIABILITIES AND FUND BALANCES	\$ 38,791,004	\$ 358,991	\$ 46,680	\$ 39,196,675

Ingham County, Michigan

Nonmajor Governmental Fund Types

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

	Special Revenue	Debt Service	Capital Projects	Total
REVENUE				
Taxes	\$ 8,923,278	\$ -	\$ -	\$ 8,923,278
Intergovernmental	11,857,933	-	-	11,857,933
Charges for services	1,202,285	-	-	1,202,285
Interest	526,191	4,315	-	530,506
Other	382,831	478,039	-	860,870
TOTAL REVENUE	22,892,518	482,354	-	23,374,872
EXPENDITURES				
Current				
Public safety	2,051,504	-	-	2,051,504
Public works	2,818,564	-	-	2,818,564
Culture and recreation	3,993,949	-	-	3,993,949
General government	5,294,653	-	1,000	5,295,653
Welfare	15,136,508	-	-	15,136,508
Education	63,344	-	-	63,344
Capital outlay	903,218	-	-	903,218
Debt Service				
Principal retirement	141,057	1,995,000	-	2,136,057
Interest and fiscal charges	50,021	1,016,307	-	1,066,328
TOTAL EXPENDITURES	30,452,818	3,011,307	1,000	33,465,125
EXCESS OF REVENUES (UNDER) EXPENDITURES	(7,560,300)	(2,528,953)	(1,000)	(10,090,253)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,775,571	2,502,117	-	15,277,688
Transfers out	(2,654,884)	-	-	(2,654,884)
TOTAL OTHER FINANCING SOURCES (USES)	10,120,687	2,502,117	-	12,622,804
NET CHANGE IN FUND BALANCES	2,560,387	(26,836)	(1,000)	2,532,551
Fund balance, beginning of year	18,199,817	189,771	47,680	18,437,268
Fund balance, end of year	\$ 20,760,204	\$ 162,935	\$ 46,680	\$ 20,969,819

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Parks - This fund is used to account for the operations and maintenance of County owned parks and facilities. Financing is primarily provided by General Fund appropriations.

Family Counseling Service - This fund is used to account for the operations of a family counseling service. Financing is provided by marriage license fees.

Friend of the Court Service - This fund is used to account for mediation services regarding custody or visitation rights to parties involved in divorce. This fund is also used to account for grant revenues that are specifically restricted to the provision of Child Support Services. Financing is provided by State and Federal sources and a County appropriation.

Brownfield Redevelopment Authority - This fund is used to account for taxes captured to assist in redevelopment of contaminated properties.

ROD Automation - This fund is used to account for the collection of \$5 of the total fee collected for each recording which is used to fund the upgrading of technology in the Register of Deed's Office.

Local Law Enforcement Block Grant - This fund is used to account for a federal grant award for law enforcement.

Hotel/Motel Accommodation Tax - This fund is used to account for a collection of a five percent hotel room tax. This tax provides funding for the Lansing Convention and Visitors Bureau. Board of Commissioner's resolutions allocate a portion of these revenues to promote tourism and convention business. State law limits the use of Hotel/Motel accommodation tax revenue to the development and promotion of convention and entertainment facilities.

Public Improvements - This fund is used to account for the acquisition of specific public improvements and equipment for public buildings. It may also be used to account for the repair, maintenance, and alteration of public improvements and public buildings. Financing is provided from non-tax revenues generated by other funds.

Work Study Program - This fund is used to account for payment of wages and fringe benefits for students working for Ingham County in an effort to supplement their education. Financing is provided through reimbursement from local educational institutions and General Fund appropriations.

Budget Stabilization - This fund is used to account for funds transferred by resolution from the County's General Fund under provisions of Public Act 30 of 1978.

Zoo Fund - This fund is used to account for the operation and improvement of Potter Park Zoo.

Juvenile Justice Millage - This fund is used to account for a special millage for juvenile care.

Drug Law Enforcement - This fund is used to account for property forfeited pursuant to the Enforcement of Controlled Substances, Public Act 135 of 1985. Financing is provided from the sale of forfeited property. Funds provided from forfeited property can be used to pay for the expense of seizure, court costs, maintenance and expense of sale, as well as drug law enforcement activities.

Local Correction Training - This fund is used to account for the collection of the County jail booking fee which is used to fund the training of local corrections officers.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

concluded

Anti-Drug Abuse Grant - This fund is used to account for the legal costs of drug forfeiture proceedings. Financing is provided through a local grant.

Community Corrections - This fund is used to account for the County's community corrections program. Ingham County and the City of Lansing have established a joint Community Corrections Advisory Board (CCAB). The CCAB follows state guidelines in directing the development and implementation of a comprehensive community corrections plan. This program is State funded.

Law Library - This fund is used to record revenues provided for the maintenance of a law library. Money for the operation of this fund is from the statutory transfer of penal fines.

Criminal Justice Training Grant - This fund is used to account for the distribution of criminal justice training funds from the Department of Management and Budget, Office of Criminal Justice, pursuant to Public Acts 301 and 302 of 1982. This funding provides in-service criminal justice training to police officers.

Department of Human Services (DHS) Child Care - This fund is used to account for the operations necessary to provide care and supervision of children requiring out of home placement and to provide support and assistance to families in need. Financing is provided through a State grant and County appropriation.

Social Welfare - This fund is used to account for funds which are provided by County, State, and Federal governments to administer the social welfare department, assist eligible recipients, and to administer various State and Federal social welfare programs.

Family Court Child Care - This fund is used to account for the foster care of children. Funding comes from the State and Federal governments as well as from County appropriations.

Veterans' Trust - This fund is used to account for revenue set aside for aid to veterans. Funding is supplied through State grants.

County Transportation System - This fund is used to account for the operations of a transportation service for elderly and disabled County residents. Financing is provided through a County tax levy.

Cooperative Reimbursement Prosecuting Attorney - This fund is used to account for grant monies which are used to provide child support services to eligible recipients. Funding is provided from State and Federal sources, and through the Michigan Family Independence Agency, Office of Child Support.

Ingham County, Michigan
Nonmajor Special Revenue Funds
COMBINING BALANCE SHEET
December 31, 2006

	Parks	Family Counseling Service	Friend of the Court Service	Brownfield Redevelopment Authority
ASSETS				
Pooled cash and investments	\$ 221,381	\$ 21,858	\$ -	\$ 1,936
Property taxes receivable	-	-	-	-
Accounts receivable	-	60	6,270	-
Accrued interest receivable	27	-	-	11
Due from other funds	392,944	-	273,144	-
Due from other governmental units	135,000	-	739,601	-
Prepaid items	-	-	-	-
TOTAL ASSETS	<u>\$ 749,352</u>	<u>\$ 21,918</u>	<u>\$ 1,019,015</u>	<u>\$ 1,947</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 22,887	\$ 1,755	\$ 14,520	\$ -
Salaries and amounts withheld therefrom	20,900	-	89,565	-
Due to other funds	396,582	-	913,802	-
Due to other governmental units	473	-	-	-
Deposits payable	1,312	-	-	-
Advances from other funds	38,917	-	-	-
Deferred revenue	9,525	-	-	-
TOTAL LIABILITIES	<u>490,596</u>	<u>1,755</u>	<u>1,017,887</u>	<u>-</u>
FUND BALANCES				
Reserved				
Prepaid items	-	-	-	-
Unreserved				
Designated for future expenditures	30,007	-	1,128	-
Undesignated	228,749	20,163	-	1,947
TOTAL FUND BALANCES	<u>258,756</u>	<u>20,163</u>	<u>1,128</u>	<u>1,947</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 749,352</u>	<u>\$ 21,918</u>	<u>\$ 1,019,015</u>	<u>\$ 1,947</u>

ROD Automation	Local Law Enforcement Block Grant	Hotel / Motel Accommodation Tax	Public Improvements	Work Study Program	Budget Stabilization	Zoo Fund
\$ 865,530	\$ 5,544	\$ 560,148	\$ 2,555,935	\$ -	\$ 9,322,365	\$ -
-	-	-	-	-	-	2,937,662
-	-	115,638	-	5,693	-	-
5,089	-	-	15,029	-	-	-
-	-	-	401,096	130	180,000	322,191
-	-	-	-	-	-	-
-	-	19,407	-	-	-	-
<u>\$ 870,619</u>	<u>\$ 5,544</u>	<u>\$ 695,193</u>	<u>\$ 2,972,060</u>	<u>\$ 5,823</u>	<u>\$ 9,502,365</u>	<u>\$ 3,259,853</u>
\$ -	\$ -	\$ 200,829	\$ 9,803	\$ -	\$ -	\$ -
-	-	-	-	426	-	-
8,787	-	61,953	3,283	5,397	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,349	-	-	-	-	3,259,853
<u>8,787</u>	<u>5,349</u>	<u>262,782</u>	<u>13,086</u>	<u>5,823</u>	<u>-</u>	<u>3,259,853</u>
-	-	19,407	-	-	-	-
861,832	-	413,004	2,958,974	-	-	-
-	195	-	-	-	9,502,365	-
<u>861,832</u>	<u>195</u>	<u>432,411</u>	<u>2,958,974</u>	<u>-</u>	<u>9,502,365</u>	<u>-</u>
<u>\$ 870,619</u>	<u>\$ 5,544</u>	<u>\$ 695,193</u>	<u>\$ 2,972,060</u>	<u>\$ 5,823</u>	<u>\$ 9,502,365</u>	<u>\$ 3,259,853</u>

Ingham County, Michigan

Nonmajor Special Revenue Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2006

	Juvenile Justice Mileage	Drug Law Enforcement	Local Correction Training	Anti-Drug Abuse Grant
ASSETS				
Pooled cash and investments	\$ 5,375,794	\$ 149,031	\$ 222,242	\$ -
Property taxes receivable	3,821,400	-	-	-
Accounts receivable	47,818	-	6,513	-
Accrued interest receivable	32,131	-	1,307	-
Due from other funds	1,076,302	-	-	46,903
Due from other governmental units	-	-	-	41,072
Prepaid items	-	-	-	-
TOTAL ASSETS	\$ 10,353,445	\$ 149,031	\$ 230,062	\$ 87,975
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,388	\$ 2,159	\$ -	\$ 241
Salaries and amounts withheld therefrom	-	-	-	3,571
Due to other funds	-	-	-	19,733
Due to other governmental units	-	-	-	30,381
Deposits payable	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	4,233,230	-	-	-
TOTAL LIABILITIES	4,234,618	2,159	-	53,926
FUND BALANCES				
Reserved				
Prepaid items	-	-	-	-
Unreserved				
Designated for future expenditures	-	146,872	-	-
Undesignated	6,118,827	-	230,062	34,049
TOTAL FUND BALANCES	6,118,827	146,872	230,062	34,049
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,353,445	\$ 149,031	\$ 230,062	\$ 87,975

Community Corrections	Law Library	Criminal Justice Training	DHS Child Care	Social Welfare	Family Court Child Care	Veterans' Trust
\$ -	\$ 12,352	\$ 7,343	\$ -	\$ 121,682	\$ -	\$ 3,670
-	-	-	-	-	-	-
23,425	-	17,550	1,377	4,653	10,476	-
-	-	-	-	-	-	-
219,873	-	420	407,056	-	1,130,101	-
175,790	-	33,512	13,547	67,726	1,611,683	-
-	-	700	-	-	-	-
<u>\$ 419,088</u>	<u>\$ 12,352</u>	<u>\$ 59,525</u>	<u>\$ 421,980</u>	<u>\$ 194,061</u>	<u>\$ 2,752,260</u>	<u>\$ 3,670</u>
\$ 168,335	\$ -	\$ 1,960	\$ 172,468	\$ 8,795	\$ 593,441	\$ 73
8,812	-	-	-	-	134,730	-
213,711	-	19,195	249,512	44,266	2,024,089	-
-	-	-	-	141,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,250	-	-	-	-	-	-
<u>392,108</u>	<u>-</u>	<u>21,155</u>	<u>421,980</u>	<u>194,061</u>	<u>2,752,260</u>	<u>73</u>
-	-	700	-	-	-	-
26,980	-	-	-	-	-	-
-	12,352	37,670	-	-	-	3,597
<u>26,980</u>	<u>12,352</u>	<u>38,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,597</u>
<u>\$ 419,088</u>	<u>\$ 12,352</u>	<u>\$ 59,525</u>	<u>\$ 421,980</u>	<u>\$ 194,061</u>	<u>\$ 2,752,260</u>	<u>\$ 3,670</u>

Ingham County, Michigan

Nonmajor Special Revenue Funds

COMBINING BALANCE SHEET - CONCLUDED

December 31, 2006

	County Transportation System	Cooperative Reimbursement Prosecuting Attorney	Totals
ASSETS			
Pooled cash and investments	\$ 1,530,276	\$ -	\$ 20,977,087
Property taxes receivable	3,078,758	-	9,837,820
Accounts receivable	31,698	-	271,171
Accrued interest receivable	8,998	-	62,592
Due from other funds	197,832	13,651	4,661,643
Due from other governmental units	-	142,653	2,960,584
Prepaid items	-	-	20,107
TOTAL ASSETS	\$ 4,847,562	\$ 156,304	\$ 38,791,004
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,301,338	\$ 1,350	\$ 2,501,342
Salaries and amounts withheld therefrom	-	12,441	270,445
Due to other funds	22,651	142,513	4,125,474
Due to other governmental units	-	-	171,854
Deposits payable	-	-	1,312
Advances from other funds	-	-	38,917
Deferred revenue	3,412,249	-	10,921,456
TOTAL LIABILITIES	4,736,238	156,304	18,030,800
FUND BALANCES			
Reserved			
Prepaid items	-	-	20,107
Unreserved			
Designated for future expenditures	-	-	4,438,797
Undesignated	111,324	-	16,301,300
TOTAL FUND BALANCES	111,324	-	20,760,204
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,847,562	\$ 156,304	\$ 38,791,004

Ingham County, Michigan

Nonmajor Special Revenue Funds

COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

	Parks	Family Counseling Service	Friend of the Court Service	Brownfield Redevelopment Authority
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ 683
Intergovernmental	138,275	-	3,099,560	-
Charges for services	297,128	-	158,144	-
Interest	227	-	-	77
Other	16,198	30,225	-	-
TOTAL REVENUE	451,828	30,225	3,257,704	760
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,205,510	-	-	-
General government	-	-	4,419,940	-
Welfare	-	-	-	-
Education	-	21,217	-	-
Capital outlay	507,216	-	961	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	2,712,726	21,217	4,420,901	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,260,898)	9,008	(1,163,197)	760
OTHER FINANCING SOURCES (USES)				
Transfers in	2,125,830	-	1,193,992	-
Transfers out	(3,722)	(20,000)	(29,667)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,122,108	(20,000)	1,164,325	-
NET CHANGE IN FUND BALANCES	(138,790)	(10,992)	1,128	760
Fund balance, beginning of year	397,546	31,155	-	1,187
Fund balance, end of year	\$ 258,756	\$ 20,163	\$ 1,128	\$ 1,947

ROD Automation	Local Law Enforcement Block Grant	Hotel / Motel Accommodation Tax	Public Improvements	Work Study Program	Budget Stabilization	Zoo Fund
\$ -	\$ -	\$ 1,987,122	\$ -	\$ -	\$ -	\$ -
-	-	-	-	28,256	-	-
315,645	-	-	-	-	-	-
32,505	195	-	112,335	-	-	-
-	-	-	2,000	-	-	-
348,150	195	1,987,122	114,335	28,256	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,788,439	-	-	-	-
118,106	-	-	756,607	-	-	-
-	-	-	-	-	-	-
-	-	-	-	42,127	-	-
-	-	-	378,021	-	-	-
-	-	-	141,057	-	-	-
-	-	-	50,021	-	-	-
118,106	-	1,788,439	1,325,706	42,127	-	-
230,044	195	198,683	(1,211,371)	(13,871)	-	-
-	-	-	1,380,032	13,871	180,000	-
(5,529)	-	(184,868)	-	-	-	-
(5,529)	-	(184,868)	1,380,032	13,871	180,000	-
224,515	195	13,815	168,661	-	180,000	-
637,317	-	418,596	2,790,313	-	9,322,365	-
\$ 861,832	\$ 195	\$ 432,411	\$ 2,958,974	\$ -	\$ 9,502,365	\$ -

Ingham County, Michigan

Nonmajor Special Revenue Funds

COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - CONTINUED

Year Ended December 31, 2006

	Juvenile Justice Mileage	Drug Law Enforcement	Local Correction Training	Anti-Drug Abuse Grant
REVENUE				
Taxes	\$4,157,971	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	104,892
Charges for services	-	-	72,239	-
Interest	279,989	-	8,083	1,617
Other	-	22,932	-	253,424
TOTAL REVENUE	4,437,960	22,932	80,322	359,933
EXPENDITURES				
Current				
Public safety	-	25,088	2,650	500,618
Public works	-	-	-	-
Culture and recreation	-	-	-	-
General government	-	-	-	-
Welfare	54,912	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	54,912	25,088	2,650	500,618
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,383,048	(2,156)	77,672	(140,685)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	139,280
Transfers out	(2,401,800)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,401,800)	-	-	139,280
NET CHANGE IN FUND BALANCES	1,981,248	(2,156)	77,672	(1,405)
Fund balance, beginning of year	4,137,579	149,028	152,390	35,454
Fund balance, end of year	\$ 6,118,827	\$ 146,872	\$ 230,062	\$ 34,049

Community Corrections	Law Library	Criminal Justice Training	DHS Child Care	Social Welfare	Family Court Child Care	Veterans' Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
853,439	-	93,277	1,062,152	885,748	5,006,192	56,008
273,083	-	-	-	-	86,046	-
292	-	-	-	-	-	-
-	17,000	-	41,012	-	40	-
1,126,814	17,000	93,277	1,103,164	885,748	5,092,278	56,008
1,438,634	-	84,514	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,141,217	894,682	11,218,891	46,506
-	-	-	-	-	-	-
-	17,020	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,438,634	17,020	84,514	2,141,217	894,682	11,218,891	46,506
(311,820)	(20)	8,763	(1,038,053)	(8,934)	(6,126,613)	9,502
318,800	-	-	1,038,053	8,934	6,126,613	-
(1,498)	-	-	-	-	-	(7,800)
317,302	-	-	1,038,053	8,934	6,126,613	(7,800)
5,482	(20)	8,763	-	-	-	1,702
21,498	12,372	29,607	-	-	-	1,895
\$ 26,980	\$ 12,352	\$ 38,370	\$ -	\$ -	\$ -	\$ 3,597

Ingham County, Michigan

Nonmajor Special Revenue Funds

COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - CONCLUDED

Year Ended December 31, 2006

	County Transportation System	Cooperative Reimbursement Prosecuting Attorney	Totals
REVENUE			
Taxes	\$ 2,777,502	\$ -	\$ 8,923,278
Intergovernmental	-	530,134	11,801,925
Charges for services	-	-	1,202,285
Interest	90,871	-	526,191
Other	-	-	382,831
TOTAL REVENUE	2,868,373	530,134	22,836,510
EXPENDITURES			
Current			
Public safety	-	-	2,051,504
Public works	2,818,564	-	2,818,564
Culture and recreation	-	-	3,993,949
General government	-	-	5,294,653
Welfare	-	780,300	15,090,002
Education	-	-	63,344
Capital outlay	-	-	903,218
Debt service			
Principal retirement	-	-	141,057
Interest and fiscal charges	-	-	50,021
TOTAL EXPENDITURES	2,818,564	780,300	30,406,312
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,809	(250,166)	(7,569,802)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	250,166	12,775,571
Transfers out	-	-	(2,647,084)
TOTAL OTHER FINANCING SOURCES (USES)	-	250,166	10,128,487
NET CHANGE IN FUND BALANCES	49,809	-	2,558,685
Fund balance, beginning of year	61,515	-	18,197,922
Fund balance, end of year	<u>\$ 111,324</u>	<u>\$ -</u>	<u>\$ 20,756,607</u>

Ingham County, Michigan

Parks

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 150,000	\$ 138,275	\$ (11,725)	\$ 50,000
Charges for services	261,411	297,128	35,717	318,569
Interest	-	227	227	187
Other	23,642	16,198	(7,444)	16,594
TOTAL REVENUES	435,053	451,828	16,775	385,350
EXPENDITURES				
Current				
Culture and recreation	2,401,882	2,205,510	196,372	2,021,050
Capital outlay	531,648	507,216	24,432	34,293
TOTAL EXPENDITURES	2,933,530	2,712,726	220,804	2,055,343
EXCESS OF REVENUES (UNDER) EXPENDITURES	(2,498,477)	(2,260,898)	237,579	(1,669,993)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,288,791	2,125,830	(162,961)	1,869,852
Transfers out	(3,722)	(3,722)	-	(3,819)
TOTAL OTHER FINANCING SOURCES (USES)	2,285,069	2,122,108	(162,961)	1,866,033
NET CHANGE IN FUND BALANCE	(213,408)	(138,790)	74,618	196,040
Fund balance, beginning of year	397,546	397,546	-	201,506
Fund balance, end of year	\$ 184,138	\$ 258,756	\$ 74,618	\$ 397,546

Ingham County, Michigan

Family Counseling Service

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Other	\$ 40,000	\$ 30,225	\$ (9,775)	\$ 30,855
EXPENDITURES				
Current Welfare	25,000	21,217	3,783	21,900
EXCESS OF REVENUES OVER EXPENDITURES	15,000	9,008	(5,992)	8,955
OTHER FINANCING (USES)				
Transfers out	(20,000)	(20,000)	-	-
NET CHANGE IN FUND BALANCE	(5,000)	(10,992)	(5,992)	8,955
Fund balance, beginning of year	31,155	31,155	-	22,200
Fund balance, end of year	<u>\$ 26,155</u>	<u>\$ 20,163</u>	<u>\$ (5,992)</u>	<u>\$ 31,155</u>

Ingham County, Michigan

Friend of the Court Service

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 3,457,272	\$ 3,099,560	\$ (357,712)	\$ 3,283,546
Charges for services	224,623	158,144	(66,479)	410,827
Other	100	-	(100)	-
TOTAL REVENUES	3,681,995	3,257,704	(424,291)	3,694,373
EXPENDITURES				
Current				
General government				
Personnel services	4,039,310	3,924,255	115,055	4,009,541
Controllable	280,539	246,643	33,896	243,766
Noncontrollable	276,962	249,042	27,920	204,051
Capital outlay	1,000	961	39	745
TOTAL EXPENDITURES	4,597,811	4,420,901	176,910	4,458,103
EXCESS OF REVENUES (UNDER) EXPENDITURES	(915,816)	(1,163,197)	(247,381)	(763,730)
OTHER FINANCING SOURCES (USES)				
Transfers in	945,816	1,193,992	248,176	792,538
Transfers out	(30,000)	(29,667)	333	(28,808)
TOTAL OTHER FINANCING SOURCES (USES)	915,816	1,164,325	248,509	763,730
NET CHANGE IN FUND BALANCE	-	1,128	1,128	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 1,128	\$ 1,128	\$ -

Ingham County, Michigan

Brownfield Redevelopment Authority

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Taxes	\$ -	\$ 683	683	\$ 574
Interest	-	77	77	27
TOTAL REVENUES	-	760	760	601
EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	760	760	601
Fund balance, beginning of year	1,187	1,187	-	586
Fund balance, end of year	<u>\$ 1,187</u>	<u>\$ 1,947</u>	<u>\$ 760</u>	<u>\$ 1,187</u>

Ingham County, Michigan

ROD Automation

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Charges for services	\$ 400,500	\$ 315,645	\$ (84,855)	\$ 338,680
Interest	-	32,505	32,505	17,300
TOTAL REVENUES	400,500	348,150	(52,350)	355,980
EXPENDITURES				
Current				
General government	168,792	118,106	50,686	342,625
Capital outlay	92,492	-	92,492	-
TOTAL EXPENDITURES	261,284	118,106	143,178	342,625
EXCESS OF REVENUES OVER EXPENDITURES	139,216	230,044	90,828	13,355
OTHER FINANCING (USES)				
Transfers out	(5,529)	(5,529)	-	(5,091)
NET CHANGE IN FUND BALANCE	133,687	224,515	90,828	8,264
Fund balance, beginning of year	637,317	637,317	-	629,053
Fund balance, end of year	<u>\$ 771,004</u>	<u>\$ 861,832</u>	<u>\$ 90,828</u>	<u>\$ 637,317</u>

Ingham County, Michigan

Local Law Enforcement Block Grant

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 18,904	\$ -	\$ (18,904)	\$ 21,741
Interest	176	195	19	182
TOTAL REVENUES	19,080	195	(18,885)	21,923
EXPENDITURES				
Current				
Public safety	5,525	-	5,525	22,833
EXCESS OF REVENUES OVER EXPENDITURES	13,555	195	(13,360)	(910)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	910
NET CHANGE IN FUND BALANCE	13,555	195	(13,360)	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 13,555	\$ 195	\$ (13,360)	\$ -

Ingham County, Michigan

Hotel/Motel Accommodation Tax

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Taxes	\$ 1,900,000	\$ 1,987,122	\$ 87,122	\$ 1,913,837
Other	7,500	-	(7,500)	-
TOTAL REVENUES	1,907,500	1,987,122	79,622	1,913,837
EXPENDITURES				
Current				
Culture and recreation	1,710,000	1,788,439	(78,439)	1,722,454
EXCESS OF REVENUES OVER EXPENDITURES	197,500	198,683	1,183	191,383
OTHER FINANCING (USES)				
Transfers out	(197,500)	(184,868)	12,632	(77,060)
NET CHANGE IN FUND BALANCE	-0-	13,815	13,815	114,323
Fund balance, beginning of year	418,596	418,596	-	304,273
Fund balance, end of year	<u>\$ 418,596</u>	<u>\$ 432,411</u>	<u>\$ 13,815</u>	<u>\$ 418,596</u>

Ingham County, Michigan

Public Improvements

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Interest	\$ -	\$ 112,335	\$ 112,335	\$ 70,901
Other	700,000	2,000	(698,000)	1,500
TOTAL REVENUES	700,000	114,335	(585,665)	72,401
EXPENDITURES				
Current				
General government	1,182,669	756,607	426,062	1,522,539
Capital outlay	1,026,779	378,021	648,758	122,005
Debt service	191,078	191,078	-	191,078
TOTAL EXPENDITURES	2,400,526	1,325,706	1,074,820	1,835,622
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,700,526)	(1,211,371)	489,155	(1,763,221)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,655,402	1,380,032	(275,370)	1,282,312
Transfers out	-	-	-	(28,856)
TOTAL OTHER FINANCING SOURCES (USES)	1,655,402	1,380,032	(275,370)	1,253,456
NET CHANGE IN FUND BALANCE	(45,124)	168,661	213,785	(509,765)
Fund balance, beginning of year	2,790,313	2,790,313	-	3,300,078
Fund balance, end of year	<u>\$ 2,745,189</u>	<u>\$ 2,958,974</u>	<u>\$ 213,785</u>	<u>\$ 2,790,313</u>

Ingham County, Michigan

Work Study Program

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 47,689	\$ 28,256	\$ (19,433)	\$ 34,167
EXPENDITURES				
Current				
Education				
Personnel services	75,179	42,127	33,052	51,714
EXCESS OF REVENUES (UNDER) EXPENDITURES	(27,490)	(13,871)	13,619	(17,547)
OTHER FINANCING SOURCES				
Transfers in	27,490	13,871	(13,619)	17,547
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Ingham County, Michigan

Budget Stabilization

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Other	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES				
Transfers in	180,000	180,000	-	320,000
NET CHANGE IN FUND BALANCE	180,000	180,000	-	320,000
Fund balance, beginning of year	9,322,365	9,322,365	-	9,002,365
Fund balance, end of year	<u>\$ 9,502,365</u>	<u>\$ 9,502,365</u>	<u>\$ -</u>	<u>\$ 9,322,365</u>

Ingham County, Michigan

Juvenile Justice Millage

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Taxes	\$4,038,172	\$4,157,971	\$119,799	\$ 3,933,052
Intergovernmental	-	-	-	4,367
Interest	30,000	279,989	249,989	84,201
TOTAL REVENUES	4,068,172	4,437,960	369,788	4,021,620
EXPENDITURES				
Current				
Welfare	102,378	54,912	47,466	26,640
EXCESS OF REVENUES OVER EXPENDITURES	3,965,794	4,383,048	417,254	3,994,980
OTHER FINANCING (USES)				
Transfers out	(3,337,390)	(2,401,800)	935,590	(3,299,311)
NET CHANGE IN FUND BALANCE	628,404	1,981,248	1,352,844	695,669
Fund balance, beginning of year as restated	4,137,579	4,137,579	-	3,441,910
Fund balance, end of year	<u>\$ 4,765,983</u>	<u>\$ 6,118,827</u>	<u>\$ 1,352,844</u>	<u>\$ 4,137,579</u>

Ingham County, Michigan

Drug Law Enforcement

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Other	\$ 66,087	\$ 22,932	\$ (43,155)	\$ 102,546
EXPENDITURES				
Current				
Public safety	66,087	25,088	40,999	18,217
EXCESS OF REVENUES (UNDER) EXPENDITURES	-	(2,156)	(2,156)	84,329
OTHER FINANCING (USES)				
Transfers out	-	-	-	(1,359)
NET CHANGE IN FUND BALANCE	-	(2,156)	(2,156)	82,970
Fund balance, beginning of year	149,028	149,028	-	66,058
Fund balance, end of year	<u>\$ 149,028</u>	<u>\$ 146,872</u>	<u>\$ (2,156)</u>	<u>\$ 149,028</u>

Ingham County, Michigan

Local Correction Training

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Charges for services	\$ 4,929	\$ 72,239	\$ 67,310	\$ 76,911
Interest	-	8,083	8,083	2,845
TOTAL REVENUES	4,929	80,322	75,393	79,756
EXPENDITURES				
Current				
Public safety	4,929	2,650	2,279	-
NET CHANGE IN FUND BALANCE	-	77,672	77,672	79,756
Fund balance, beginning of year	152,390	152,390	-	72,634
Fund balance, end of year	\$ 152,390	\$ 230,062	\$ 77,672	\$ 152,390

Ingham County, Michigan

Anti-Drug Abuse Grant

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 104,893	\$ 104,892	\$ (1)	\$ 92,680
Interest	500	1,617	1,117	823
Other	261,253	253,424	(7,829)	287,047
TOTAL REVENUES	366,646	359,933	(6,713)	380,550
EXPENDITURES				
Current				
Public safety				
Personnel services	212,392	212,392	-	184,321
Controllable	292,135	286,827	5,308	270,071
Noncontrollable	1,399	1,399	-	1,154
TOTAL EXPENDITURES	505,926	500,618	5,308	455,546
EXCESS OF REVENUES (UNDER) EXPENDITURES	(139,280)	(140,685)	(1,405)	(74,996)
OTHER FINANCING SOURCES				
Transfers in	139,280	139,280	-	98,942
NET CHANGE IN FUND BALANCE	-	(1,405)	(1,405)	23,946
Fund balance, beginning of year	35,454	35,454	-	11,508
Fund balance, end of year	<u>\$ 35,454</u>	<u>\$ 34,049</u>	<u>\$ (1,405)</u>	<u>\$ 35,454</u>

Ingham County, Michigan

Community Corrections

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 1,022,491	\$ 853,439	\$ (169,052)	\$ 741,407
Charges for services	273,100	273,083	(17)	361,193
Interest	-	292	292	2,516
TOTAL REVENUES	1,295,591	1,126,814	(168,777)	1,105,116
EXPENDITURES				
Current				
Public safety				
Personnel services	409,482	405,433	4,049	420,046
Controllable	1,178,862	1,010,730	168,132	911,210
Noncontrollable	24,547	22,471	2,076	19,075
TOTAL EXPENDITURES	1,612,891	1,438,634	174,257	1,350,331
EXCESS OF REVENUES (UNDER) EXPENDITURES	(317,300)	(311,820)	5,480	(245,215)
OTHER FINANCING SOURCES (USES)				
Transfers in	297,302	318,800	21,498	90,012
Transfers out	(1,500)	(1,498)	2	(955)
TOTAL OTHER FINANCING SOURCES (USES)	295,802	317,302	21,500	89,057
NET CHANGE IN FUND BALANCE	(21,498)	5,482	26,980	(156,158)
Fund balance, beginning of year	21,498	21,498	\$ -	177,656
Fund balance, end of year	\$ -	\$ 26,980	\$ 26,980	\$ 21,498

Ingham County, Michigan

Law Library

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Other	\$ 17,000	\$ 17,000	\$ -	\$ 17,000
EXPENDITURES				
Capital outlay	17,020	17,020	-	16,994
NET CHANGE IN FUND BALANCE	(20)	(20)	-	6
Fund balance, beginning of year	12,372	12,372	-	12,366
Fund balance, end of year	<u>\$ 12,352</u>	<u>\$ 12,352</u>	<u>\$ -</u>	<u>\$ 12,372</u>

Ingham County, Michigan

Criminal Justice Training Grant

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 87,936	\$ 93,277	\$ 5,341	\$ 86,612
EXPENDITURES				
Current				
Public safety	87,936	84,514	3,422	91,151
NET CHANGE IN FUND BALANCE	-	8,763	8,763	(4,539)
Fund balance, beginning of year	29,607	29,607	-	34,146
Fund balance, end of year	<u>\$ 29,607</u>	<u>\$ 38,370</u>	<u>\$ 8,763</u>	<u>\$ 29,607</u>

Ingham County, Michigan

Department of Human Services Child Care

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended September 30, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 1,384,585	\$ 1,062,152	\$ (322,433)	\$ 1,024,813
Other	186,588	41,012	(145,576)	37,967
TOTAL REVENUES	1,571,173	1,103,164	(468,009)	1,062,780
EXPENDITURES				
Current				
Welfare	2,804,170	2,141,217	662,953	2,059,284
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,232,997)	(1,038,053)	194,944	(996,504)
OTHER FINANCING SOURCES				
Transfers in	1,232,997	1,038,053	(194,944)	996,504
NET CHANGE IN FUND BALANCES	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Ingham County, Michigan

Social Welfare

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended September 30, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 1,030,000	\$ 885,748	\$ (144,252)	\$ 1,070,960
Charges for services	232,889	-	(232,889)	-
TOTAL REVENUES	1,262,889	885,748	(377,141)	1,070,960
EXPENDITURES				
Current				
Welfare	1,316,090	894,682	421,408	1,192,258
EXCESS OF REVENUES (UNDER) EXPENDITURES	(53,201)	(8,934)	44,267	(121,298)
OTHER FINANCING SOURCES				
Transfers in	53,201	8,934	(44,267)	121,298
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Ingham County, Michigan

Family Court Child Care

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended September 30, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 5,418,575	\$ 5,006,192	\$ (412,383)	\$ 4,986,112
Charges for services	82,740	86,046	3,306	85,917
Other	-	40	40	11,727
TOTAL REVENUES	5,501,315	5,092,278	(409,037)	5,083,756
EXPENDITURES				
Current				
Welfare				
Personnel services	4,453,428	4,349,533	103,895	4,343,561
Controllable	7,235,792	6,781,133	454,659	6,885,534
Noncontrollable	104,925	88,225	16,700	65,751
Capital outlay	507	-	507	-
TOTAL EXPENDITURES	11,794,652	11,218,891	575,761	11,294,846
EXCESS OF REVENUES (UNDER) EXPENDITURES	(6,293,337)	(6,126,613)	166,724	(6,211,090)
OTHER FINANCING SOURCES				
Transfers in	6,293,337	6,126,613	(166,724)	6,211,090
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Ingham County, Michigan

Veterans' Trust

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 54,306	\$ 56,008	\$ 1,702	\$ 42,729
EXPENDITURES				
Current				
Welfare	46,506	46,506	-	34,881
EXCESS OF REVENUES OVER EXPENDITURES	7,800	9,502	1,702	7,848
OTHER FINANCING (USES)				
Transfers out	(7,800)	(7,800)	-	(7,800)
NET CHANGE IN FUND BALANCE	-	1,702	1,702	48
Fund balance, beginning of year	1,895	1,895	-	1,847
Fund balance, end of year	<u>\$ 1,895</u>	<u>\$ 3,597</u>	<u>\$ 1,702</u>	<u>\$ 1,895</u>

Ingham County, Michigan

County Transportation System

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Taxes	\$ 2,694,063	\$ 2,777,502	\$ 83,439	\$ 2,603,232
Intergovernmental	-	-	-	2,895
Interest	124,501	90,871	(33,630)	55,684
TOTAL REVENUES	2,818,564	2,868,373	49,809	2,661,811
EXPENDITURES				
Current				
Public works	2,818,564	2,818,564	-	2,666,420
NET CHANGE IN FUND BALANCE	-	49,809	49,809	(4,609)
Fund balance, beginning of year	61,515	61,515	-	66,124
Fund balance, end of year	<u>\$ 61,515</u>	<u>\$ 111,324</u>	<u>\$ 49,809</u>	<u>\$ 61,515</u>

Ingham County, Michigan

Cooperative Reimbursement Prosecuting Attorney

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - AMENDED BUDGET AND ACTUAL

Year Ended December 31, 2006

	Final Budget	Actual	Variance Positive (Negative)	2005 Actual
REVENUES				
Intergovernmental	\$ 578,260	\$ 530,134	\$ (48,126)	\$ 498,162
EXPENDITURES				
Current				
Welfare				
Personnel services	735,481	707,691	27,790	647,534
Controllable	86,140	55,899	30,241	51,196
Noncontrollable	24,089	16,710	7,379	18,700
Capital outlay	3,300	-	3,300	-
TOTAL EXPENDITURES	849,010	780,300	68,710	717,430
EXCESS OF REVENUES (UNDER) EXPENDITURES	(270,750)	(250,166)	20,584	(219,268)
OTHER FINANCING SOURCES				
Transfers in	270,750	250,166	(20,584)	219,268
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Community Mental Health (CMH)/Jail/Courthouse Refunding - This fund is used to account for the payment of bonds related to the refunding of certain debt and for building construction, expansion and renovation projects. Funding will be provided through rents collected in the Internal Service Fund and General Fund appropriations.

Jail Renovation 2003 - This fund is used to account for the payment of principal and interest on bonds related to the jail renovation project. Funding will be provided by General Fund appropriations which will be supported by additional jail bed rentals.

Refunding Bonds 2005 - This fund is used to account for payment of principal and interest on bonds related to the refunding of certain debt. Funding is provided through rents collected in an Internal Service Fund and General Fund appropriations.

Grady Porter Building Renovation - This fund is used to account for the retirement of bonds issued. Funding is provided by transfers from various County funds.

Ingham County, Michigan
Nonmajor Debt Service Funds
COMBINING BALANCE SHEET
December 31, 2006

	Building Authority				
	CMH / Jail / Courthouse Refunding	Jail Renovation 2003	Refunding Bonds 2005	Grady Porter Building Renovation	Totals
ASSETS					
Pooled cash and investments	\$ 190,223	\$ 29,297	\$ 137,598	\$ 591	\$ 357,709
Accrued interest receivable	241	66	810	-	1,117
Due from other funds	-	-	165	-	165
TOTAL ASSETS	<u>\$ 190,464</u>	<u>\$ 29,363</u>	<u>\$ 138,573</u>	<u>\$ 591</u>	<u>\$ 358,991</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Deferred revenue	\$ 57,512	\$ -	\$ 138,544	\$ -	\$ 196,056
FUND BALANCES					
Reserved for debt service	<u>132,952</u>	<u>29,363</u>	<u>29</u>	<u>591</u>	<u>162,935</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,464</u>	<u>\$ 29,363</u>	<u>\$ 138,573</u>	<u>\$ 591</u>	<u>\$ 358,991</u>

Ingham County, Michigan

Nonmajor Debt Service Funds

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

	Building Authority				Totals
	CMH / Jail / Courthouse Refunding	Jail Renovation 2003	Refunding Bonds 2005	Grady Porter Building Renovation	
REVENUES					
Interest	\$ 3,225	\$ 979	\$ 111	\$ -	\$ 4,315
Other	298,118	-	179,921	-	478,039
TOTAL REVENUES	301,343	979	180,032	-	482,354
EXPENDITURES					
Debt service					
Principal retirement	710,000	85,000	825,000	375,000	1,995,000
Interest and fiscal charges	145,758	74,870	361,989	433,690	1,016,307
TOTAL EXPENDITURES	855,758	159,870	1,186,989	808,690	3,011,307
EXCESS OF REVENUES (UNDER) EXPENDITURES	(554,415)	(158,891)	(1,006,957)	(808,690)	(2,528,953)
OTHER FINANCING SOURCES					
Transfers in	526,824	159,645	1,006,958	808,690	2,502,117
NET CHANGE IN FUND BALANCES	(27,591)	754	1	-	(26,836)
Fund balance, beginning of year	160,543	28,609	28	591	189,771
Fund balance, end of year	\$ 132,952	\$ 29,363	\$ 29	\$ 591	\$ 162,935

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital Projects Control - This fund is a control fund for appropriations for the purchase and/or construction and improvements of capital facilities of a major nature. This fund is also used to account for construction projects that do not require a separate fund.

Ingham County, Michigan

Nonmajor Capital Projects Fund

BALANCE SHEET

December 31, 2006

	Capital Projects Control
ASSETS	
Pooled cash and investments	\$ 43,397
Due from other funds	3,283
TOTAL ASSETS	<u>\$ 46,680</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	\$ -
FUND BALANCE	
Unreserved, designated for future expenditures	<u>46,680</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 46,680</u>

Ingham County, Michigan

Nonmajor Capital Projects Fund

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

	<u>Capital Projects</u>
REVENUES	\$ -
EXPENDITURES	
Current	
General government	<u>1,000</u>
NET CHANGE IN FUND BALANCE	(1,000)
Fund balance, beginning of year	<u>47,680</u>
Fund balance, end of year	<u><u>\$ 46,680</u></u>

NONMAJOR FUNDS

ENTERPRISE FUNDS

NONMAJOR FUNDS

ENTERPRISE FUNDS

Housing Commission - This fund is used to account for the operation and maintenance of Carriage Lane Apartments, a subsidized housing complex. Funding is provided through apartment rental and a Federal subsidy.

Homestead Property Tax Administration - This fund is used to account for the County's portion of revenue collected from the interest imposed on homestead denials. Revenue is to be used solely for the administration of homestead property tax exemptions.

Restricted Tax Sale Proceeds - This fund is used to account for the administration of tax-delinquent property through the forfeiture, foreclosure and sale process.

Fair Board - This fund is used to account for the Ingham County Fair and the operation and maintenance of the fair grounds. Funding is provided by user charges and fair week related activities including State matching funds. The Fair also receives Hotel/Motel tax revenues which are used for repair, maintenance, and construction at the fair grounds.

Inmate Stores - This fund is used to account for the operations of a store for Ingham County Jail inmates. Funding is provided through sales of merchandise.

Alaiedon Water and Sewer - This fund is used to account for the financing of local water and sewer projects.

Tobias-Linn Water and Sewer (Williamston) - This fund is used to account for the financing of local water and sewer projects.

Water/Sewer No. 1 (City of Leslie) - This fund is used to account for the financing of local water and sewer projects.

Water Supply Project No. 2 (Lansing Charter Township) - This fund is used to account for the financing of local water projects.

Sanitary Sewer Project No. 2 - (Delhi Charter Township) - This fund is used to account for the financing of local sewer projects.

Ingham County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Housing Commission	Homestead Property Tax Administration	Restricted Tax Sale Proceeds	Fair Board
ASSETS				
Current assets				
Pooled cash and investments	\$ 550,269	\$ 16,101	\$ 88,677	\$ 385,216
Accounts receivable, net	3,651	156	-	6,495
Accrued interest receivable	-	35	521	1,453
Due from other funds	-	-	-	225
Due from other governmental units	-	-	-	-
Leases receivable	-	-	-	-
Prepaid items	-	-	-	300
Total current assets	553,920	16,292	89,198	393,689
Noncurrent assets				
Restricted assets				
Pooled cash and investments				
Customer deposits	19,814	-	-	38,398
Subsidy receivable for debt service	41,497	-	-	-
Total restricted assets	61,311	-	-	38,398
Loans receivable	1,473,698	-	-	-
Leases receivable	-	-	-	-
Capital assets				
Capital assets not being depreciated	327,078	-	-	5,080
Capital assets net of accumulated depreciation	2,018,340	-	-	1,250,892
Total capital assets, net of accumulated depreciation	2,345,418	-	-	1,255,972
Total noncurrent assets	3,880,427	-	-	1,294,370
TOTAL ASSETS	4,434,347	16,292	89,198	1,688,059
LIABILITIES				
Current liabilities				
Accounts payable	115,647	57	-	72,183
Salaries and amounts withheld therefrom	54,047	-	-	10,509
Due to other funds	-	-	-	49,678
Accrued interest payable	-	-	-	-
Notes payable-current	-	-	-	-
Compensated absences	4,137	-	-	17,775
Deferred revenue	301	-	-	11,068
Total current liabilities	174,132	57	-	161,213
Current liabilities payable from restricted assets				
Customer deposits payable	19,814	-	-	38,398
Accrued interest payable	21,497	-	-	-
Total liabilities payable from restricted assets	41,311	-	-	38,398

Inmate Stores	Alaiedon Water & Sewer	Tobias-Linn Water & Sewer	Water/Sewer No.1	Water Supply No. 2	Sanitary Sewer No. 2	Totals
\$ 62,884	\$ 4,949	\$ 398	\$ 630	\$ 2,565	\$ 12,695	\$ 1,124,384
61,748	-	-	-	-	48	72,098
-	-	-	-	9	-	2,018
-	-	-	-	-	-	225
-	19,373	10,856	4,356	4,933	-	39,518
-	105,000	35,000	40,000	30,000	-	210,000
-	-	-	-	-	-	300
124,632	129,322	46,254	44,986	37,507	12,743	1,448,543
-	-	-	-	-	-	58,212
-	-	-	-	-	-	41,497
-	-	-	-	-	-	99,709
-	-	-	-	-	-	1,473,698
-	1,470,000	1,285,000	245,000	270,000	-	3,270,000
-	-	-	-	-	-	332,158
5,196	-	-	-	-	-	3,274,428
5,196	-	-	-	-	-	3,606,586
5,196	1,470,000	1,285,000	245,000	270,000	-	8,449,993
129,828	1,599,322	1,331,254	289,986	307,507	12,743	9,898,536
24,712	-	-	-	-	-	212,599
1,247	-	-	-	-	-	65,803
-	-	-	-	-	-	49,678
-	19,372	10,856	4,356	4,733	-	39,317
-	105,000	35,000	40,000	30,000	-	210,000
1,398	-	-	-	-	-	23,310
-	-	-	-	-	-	11,369
27,357	124,372	45,856	44,356	34,733	-	612,076
-	-	-	-	-	-	58,212
-	-	-	-	-	-	21,497
-	-	-	-	-	-	79,709

Ingham County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET ASSETS - CONCLUDED

December 31, 2006

	Housing Commission	Homestead Property Tax Administration	Restricted Tax Sale Proceeds	Fair Board
LIABILITIES - CONCLUDED				
Noncurrent liabilities				
Notes payable	\$ 20,000	\$ -	\$ -	\$ -
Compensated absences	23,441	-	-	-
Advances from other funds	-	-	-	107,045
Total noncurrent liabilities	43,441	-	-	107,045
TOTAL LIABILITIES	258,884	57	-	306,656
NET ASSETS				
Invested in capital assets, net of related debt	2,345,418	-	-	1,255,972
Restricted for debt service	-	-	-	-
Restricted for tax sales proceeds	-	-	89,198	-
Unrestricted	1,830,045	16,235	-	125,431
TOTAL NET ASSETS	\$ 4,175,463	\$ 16,235	\$ 89,198	\$ 1,381,403

Inmate Stores	Alaiedon Water & Sewer	Tobias-Linn Water & Sewer	Water/Sewer No.1	Water Supply No. 2	Sanitary Sewer No. 2	Totals
\$ -	\$ 1,470,000	\$ 1,285,000	\$ 245,000	\$ 270,000	\$ -	\$ 3,290,000
-	-	-	-	-	-	23,441
-	-	-	-	-	-	107,045
-	1,470,000	1,285,000	245,000	270,000	-	3,420,486
27,357	1,594,372	1,330,856	289,356	304,733	-	4,112,271
5,196	-	-	-	-	-	3,606,586
-	4,950	398	630	2,774	12,743	21,495
-	-	-	-	-	-	89,198
97,275	-	-	-	-	-	2,068,986
\$ 102,471	\$ 4,950	\$ 398	\$ 630	\$ 2,774	\$ 12,743	\$ 5,786,265

Ingham County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	Housing Commission	Homestead Property Tax Administration	Restricted Tax Sale Proceeds	Fair Board
OPERATING REVENUES				
Charges for services	\$ 210,693	\$ -	\$ 324,856	\$ -
Sales	-	-	-	-
Interest on taxes	-	7,954	2,984	-
Other	1,294,286	-	-	1,057,261
TOTAL OPERATING REVENUES	1,504,979	7,954	327,840	1,057,261
OPERATING EXPENSES				
Administrative	294,229	-	324,856	1,229,667
Depreciation	127,386	-	-	70,727
Other	693,016	1,465	-	-
TOTAL OPERATING EXPENSES	1,114,631	1,465	324,856	1,300,394
OPERATING INCOME (LOSS)	390,348	6,489	2,984	(243,133)
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	-	13,191
Contributions	9,471	-	-	5,000
Interest and fiscal charges	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	9,471	-	-	18,191
INCOME (LOSS) BEFORE OPERATING TRANSFERS	399,819	6,489	2,984	(224,942)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	53,000	183,036
Transfers out	-	(310)	-	(1,249)
TOTAL OTHER FINANCING SOURCES (USES)	-	(310)	53,000	181,787
CHANGE IN NET ASSETS	399,819	6,179	55,984	(43,155)
Net assets, beginning of year	3,775,644	10,056	33,214	1,424,558
Net assets, end of year	<u>\$ 4,175,463</u>	<u>\$ 16,235</u>	<u>\$ 89,198</u>	<u>\$ 1,381,403</u>

Inmate Stores	Alaiedon Water & Sewer	Tobias-Linn Water & Sewer	Water/Sewer No.1	Water Supply No. 2	Sanitary Sewer No. 2	Totals
\$ -	\$ 74,615	\$ 64,242	\$ 15,562	\$ 19,720	\$ -	\$ 709,688
397,878	-	-	-	-	-	397,878
-	-	-	-	-	-	10,938
-	-	-	-	-	-	2,351,547
397,878	74,615	64,242	15,562	19,720	-	3,470,051
377,669	-	-	-	-	-	2,226,421
2,598	-	-	-	-	-	200,711
-	-	-	-	-	-	694,481
380,267	-	-	-	-	-	3,121,613
17,611	74,615	64,242	15,562	19,720	-	348,438
-	28	123	277	106	582	14,307
-	-	-	-	-	-	14,471
-	(74,615)	(64,242)	(15,562)	(19,720)	-	(174,139)
-	(74,587)	(64,119)	(15,285)	(19,614)	582	(145,361)
17,611	28	123	277	106	582	203,077
-	-	-	-	-	-	236,036
-	-	-	-	-	-	(1,559)
-	-	-	-	-	-	234,477
17,611	28	123	277	106	582	437,554
84,860	4,922	275	353	2,668	12,161	5,348,711
\$ 102,471	\$ 4,950	\$ 398	\$ 630	\$ 2,774	\$ 12,743	\$ 5,786,265

Ingham County, Michigan

Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

	Housing Commission	Homestead Property Tax Administration	Restricted Tax Sale Proceeds	Fair Board
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 216,937	\$ 7,787	\$ 327,351	\$ 1,041,707
Receipts from grantors	932,866	-	-	-
Payments to suppliers	(780,475)	(1,408)	(324,856)	(854,033)
Payments to employees	(184,151)	-	-	(317,351)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	185,177	6,379	2,495	(129,677)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund loan repaid	-	-	-	(49,678)
Contributions	-	-	-	5,000
Transfers from (to) other funds	-	(310)	53,000	181,787
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	(310)	53,000	137,109
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(22,563)	-	-	(124,712)
Principal paid on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Payments received on long term capital leases	-	-	-	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(22,563)	-	-	(124,712)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest and dividends received	9,471	-	-	12,847
NET INCREASE (DECREASE) IN POOLED CASH AND INVESTMENTS	172,085	6,069	55,495	(104,433)
Pooled cash and investments, beginning of year	397,998	10,032	33,182	528,047
Pooled cash and investments, end of year	<u>\$ 570,083</u>	<u>\$ 16,101</u>	<u>\$ 88,677</u>	<u>\$ 423,614</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 390,348	\$ 6,489	\$ 2,984	\$ (243,133)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	127,386	-	-	70,727
(Increase) decrease in accounts receivable	324	(156)	-	(2,295)
(Increase) in interest receivable	-	(11)	(489)	-
(Increase) in due from other funds	-	-	-	(225)
(Increase) in decrease intergovernmental receivables	-	-	-	-
(Increase) in loans receivable	(355,500)	-	-	-
Decrease in prepaid items	-	-	-	1,425
Increase in accounts payable	6,732	57	-	57,884
Increase in salaries withheld	11,646	-	-	8,550
Increase in other accrued liabilities	4,138	-	-	-
(Decrease) in due to other funds	-	-	-	(9,576)
(Decrease) in interest payable	-	-	-	-
Increase in current liabilities payable from restricted assets	820	-	-	1,168
(Decrease) in unearned revenue	(717)	-	-	(14,202)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 185,177</u>	<u>\$ 6,379</u>	<u>\$ 2,495</u>	<u>\$ (129,677)</u>

Inmate Stores	Alaiedon Water & Sewer	Tobias-Linn Water & Sewer	Water/Sewer No.1	Water Supply No. 2	Sanitary Sewer No. 2	Totals
\$ 374,540	\$ 74,614	\$ 64,243	\$ 15,562	\$ 19,520	\$ -	\$ 2,142,261
-	-	-	-	-	-	932,866
(329,306)	-	-	-	-	-	(2,290,078)
(43,654)	-	-	-	-	-	(545,156)
1,580	74,614	64,243	15,562	19,520	-	239,893
-	-	-	-	-	-	(49,678)
-	-	-	-	-	-	5,000
-	-	-	-	-	-	234,477
-	-	-	-	-	-	189,799
-	-	-	-	-	-	(147,275)
-	(105,000)	(30,000)	(40,000)	(30,000)	-	(205,000)
-	(74,615)	(64,242)	(15,562)	(19,720)	-	(174,139)
-	105,000	30,000	40,000	30,000	-	205,000
-	(74,615)	(64,242)	(15,562)	(19,720)	-	(321,414)
-	28	128	300	106	573	23,453
1,580	27	129	300	(94)	573	131,731
61,304	4,922	269	330	2,659	12,122	1,050,865
<u>\$ 62,884</u>	<u>\$ 4,949</u>	<u>\$ 398</u>	<u>\$ 630</u>	<u>\$ 2,565</u>	<u>\$ 12,695</u>	<u>\$ 1,182,596</u>
\$ 17,611	\$ 74,615	\$ 64,242	\$ 15,562	\$ 19,720	\$ -	\$ 348,438
2,598	-	-	-	-	-	200,711
(23,338)	-	-	-	-	-	(25,465)
-	-	-	-	-	-	(500)
-	-	-	-	-	-	(225)
-	-	1	-	(200)	-	(199)
-	-	-	-	-	-	(355,500)
-	-	-	-	-	-	1,425
3,310	-	-	-	-	-	67,983
1,399	-	-	-	-	-	21,595
-	-	-	-	-	-	4,138
-	-	-	-	-	-	(9,576)
-	(1)	-	-	-	-	(1)
-	-	-	-	-	-	1,988
-	-	-	-	-	-	(14,919)
<u>\$ 1,580</u>	<u>\$ 74,614</u>	<u>\$ 64,243</u>	<u>\$ 15,562</u>	<u>\$ 19,520</u>	<u>\$ -</u>	<u>\$ 239,893</u>

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Building Authority Operating Fund - This fund is used to record the rent collections and operating costs of several Building Authority facilities.

Data Processing - This fund is used to account for the operations of the Data Processing Department. Funding is provided through departmental user charges, contractual agreements.

Inter-Governmental Service - This fund is used to account for the operations of the County print shop, central stores, courier services and inmate pay telephones. Funding is provided through user service fees and sales.

Office Equipment Pool - This fund is used to account for the purchase of office equipment in most governmental fund types. Funding is provided from user charges.

Telephone - This fund is used to account for payment of telephone services throughout the County. Money for the operation of this fund is supplied by charges to the various funds involved.

Insurance - This fund is used to account for the liability insurance coverage to the County and other funds within this unit of government. Money for the operation of this fund is supplied by charges to the various funds involved in the self-insurance program.

Utilities Revolving - This fund is used to account for the budgeting and payment of various utility services throughout the County. Money for the operation of this fund is supplied by charges to the various funds involved.

Workers' Compensation - This fund is used to record worker's compensation expenses and premium coverage from catastrophic loss. Financing for this fund is provided by departmental user contributions.

Employee Benefits - This fund is used to account for various employee benefits which include health, dental, life, and disability insurance; future pension benefit obligations; and unemployment compensation claims. Funding for this fund is provided by revenues collected from user departments.

Ingham County, Michigan

Internal Service Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2006

	Building Authority Operations	Data Processing	Inter- Governmental Service	Office Equipment Pool
ASSETS				
Current assets				
Pooled cash and investments	\$ 795,570	\$ 447,314	\$ 3,500	\$ 1,512,279
Accounts receivable	164,057	7,442	34,167	2,537
Accrued interest receivable	-	-	-	-
Due from other governmental units	324,280	-	-	-
Due from other funds	220,273	297,226	28,932	57,156
Inventories	-	-	10,536	925
Total current assets	1,504,180	751,982	77,135	1,572,897
Noncurrent assets				
Restricted assets				
Pooled cash and investments	336,937	-	-	-
Escrow account for insurance claims	-	-	-	-
Total restricted assets	336,937	-	-	-
Long-term accounts receivable	349,302	-	-	-
Capital assets, net of accumulated depreciation	256,607	186,438	7,528	1,434,768
Total noncurrent assets	942,846	186,438	7,528	1,434,768
TOTAL ASSETS	2,447,026	938,420	84,663	3,007,665
LIABILITIES				
Current liabilities				
Accounts payable	84,401	13,687	4,426	16,821
Salaries and amounts withheld therefrom	12,444	33,040	2,792	-
Other accrued liabilities	-	-	-	-
Due to other funds	493,616	146	13,999	310
Capital leases payable - current	-	-	-	-
Compensated absences	51,168	84,158	10,468	-
Deferred revenue	19,220	-	-	-
Total current liabilities	660,849	131,031	31,685	17,131
Current liabilities payable from restricted assets				
Contingent claims	-	-	-	-
Total current liabilities and liabilities payable from restricted assets	660,849	131,031	31,685	17,131
Noncurrent liabilities				
Capital leases payable	-	-	-	-
Advances from other funds	349,302	-	-	-
Total noncurrent liabilities	349,302	-	-	-
TOTAL LIABILITIES	1,010,151	131,031	31,685	17,131
NET ASSETS				
Invested in capital assets net of related debt	256,607	186,438	7,528	1,434,768
Restricted	336,937	30,876	18,622	40,291
Unrestricted (deficit)	843,331	590,075	26,828	1,515,475
TOTAL NET ASSETS	\$ 1,436,875	\$ 807,389	\$ 52,978	\$ 2,990,534

Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefits	Totals
\$ 35,358	\$ 69,555	\$ 2,702	\$ 1,011,323	\$ 1,563,138	\$ 5,440,739
20,185	-	-	-	13,802	242,190
-	409	-	5,947	9,191	15,547
-	-	-	-	-	324,280
89,293	-	43,639	4,608	121,367	862,494
50	-	-	-	-	11,511
<u>144,886</u>	<u>69,964</u>	<u>46,341</u>	<u>1,021,878</u>	<u>1,707,498</u>	<u>6,896,761</u>
-	-	-	-	-	336,937
-	870,621	-	30,000	100,863	1,001,484
-	870,621	-	30,000	100,863	1,338,421
-	-	-	-	-	349,302
361,484	-	-	-	-	2,246,825
<u>361,484</u>	<u>870,621</u>	<u>-</u>	<u>30,000</u>	<u>100,863</u>	<u>3,934,548</u>
<u>506,370</u>	<u>940,585</u>	<u>46,341</u>	<u>1,051,878</u>	<u>1,808,361</u>	<u>10,831,309</u>
5,348	3,069	-	20,127	1,232,833	1,380,712
541	-	28,149	-	6,477	83,443
-	642,659	-	-	15,176	657,835
-	34,770	-	52,155	1,974	596,970
119,463	-	-	-	-	119,463
2,524	-	-	-	16,117	164,435
-	-	-	-	(7,565)	11,655
<u>127,876</u>	<u>680,498</u>	<u>28,149</u>	<u>72,282</u>	<u>1,265,012</u>	<u>3,014,513</u>
-	-	-	818,882	-	818,882
127,876	680,498	28,149	891,164	1,265,012	3,833,395
91,110	-	-	-	-	91,110
-	-	-	-	-	349,302
<u>91,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,412</u>
<u>218,986</u>	<u>680,498</u>	<u>28,149</u>	<u>891,164</u>	<u>1,265,012</u>	<u>4,273,807</u>
150,911	-	-	-	-	2,036,252
-	870,621	-	30,000	100,863	1,428,210
136,473	(610,534)	18,192	130,714	442,486	3,093,040
<u>\$ 287,384</u>	<u>\$ 260,087</u>	<u>\$ 18,192</u>	<u>\$ 160,714</u>	<u>\$ 543,349</u>	<u>\$ 6,557,502</u>

Ingham County, Michigan

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2006

	Building Authority Operations	Data Processing	Inter- governmental Service	Office Equipment Pool
OPERATING REVENUES				
Charges for services	\$ -	\$ 2,005,693	\$ 316,127	\$ -
Sales	-	-	-	-
Other	3,684,329	3,203	358,199	514,820
TOTAL OPERATING REVENUES	3,684,329	2,008,896	674,326	514,820
OPERATING EXPENSES				
Administrative	3,106,479	2,016,976	284,390	514,333
Fees and insurance	-	-	-	-
Retirement contributions	-	-	-	-
Current and contingent claims	-	-	-	-
Depreciation	41,853	53,682	8,672	450,883
Other	-	-	-	-
TOTAL OPERATING EXPENSES	3,148,332	2,070,658	293,062	965,216
OPERATING INCOME (LOSS)	535,997	(61,762)	381,264	(450,396)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	15,495	-	-	-
Interest expense	-	-	-	-
Loss on disposal of fixed assets	-	-	-	(106,827)
TOTAL NONOPERATING REVENUES (EXPENSES)	15,495	-	-	(106,827)
INCOME (LOSS) BEFORE TRANSFERS	551,492	(61,762)	381,264	(557,223)
TRANSFERS IN (OUT)				
Transfers in	-	-	-	276,646
Transfers out	(479,961)	-	(379,567)	(310)
TOTAL TRANSFERS IN (OUT)	(479,961)	-	(379,567)	276,336
CHANGE IN NET ASSETS	71,531	(61,762)	1,697	(280,887)
Net assets (deficit), beginning of year	1,365,344	869,151	51,281	3,271,421
Net assets, end of year	\$ 1,436,875	\$ 807,389	\$ 52,978	\$ 2,990,534

Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefits	Totals
\$ 639,017	\$ 749,657	\$ 352,846	\$ -	\$ 16,705,322	\$ 20,768,662
960	-	-	-	-	960
-	-	-	-	-	4,560,551
<u>639,977</u>	<u>749,657</u>	<u>352,846</u>	<u>-</u>	<u>16,705,322</u>	<u>25,330,173</u>
-	-	-	79,867	293,434	6,295,479
-	871,068	-	52,710	9,860,156	10,783,934
-	-	-	-	5,893,072	5,893,072
-	(887,606)	-	705,189	735,150	552,733
81,313	-	-	-	574	636,977
515,559	36,326	353,162	-	4,902	909,949
<u>596,872</u>	<u>19,788</u>	<u>353,162</u>	<u>837,766</u>	<u>16,787,288</u>	<u>25,072,144</u>
43,105	729,869	(316)	(837,766)	(81,966)	258,029
-	52,310	-	50,558	48,148	166,511
(11,303)	-	-	-	-	(11,303)
-	-	-	-	-	(106,827)
<u>(11,303)</u>	<u>52,310</u>	<u>-</u>	<u>50,558</u>	<u>48,148</u>	<u>48,381</u>
31,802	782,179	(316)	(787,208)	(33,818)	306,410
7,700	-	-	55,575	9,000	348,921
(28,722)	-	-	-	(917)	(889,477)
<u>(21,022)</u>	<u>-</u>	<u>-</u>	<u>55,575</u>	<u>8,083</u>	<u>(540,556)</u>
10,780	782,179	(316)	(731,633)	(25,735)	(234,146)
276,604	(522,092)	18,508	892,347	569,084	6,791,648
<u>\$ 287,384</u>	<u>\$ 260,087</u>	<u>\$ 18,192</u>	<u>\$ 160,714</u>	<u>\$ 543,349</u>	<u>\$ 6,557,502</u>

Ingham County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

	Building Authority Operations	Data Processing	Inter- governmental Service	Office Equipment Pool
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,000,531	\$ 2,173,941	\$ 624,500	\$ 599,703
Payments to suppliers	(1,943,180)	(471,916)	(458,782)	(652,042)
Payments to employees	(664,344)	(1,534,572)	(187,865)	-
Claims paid	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	393,007	167,453	(22,147)	(52,339)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund loan repaid	(479,962)	-	-	-
Transfers in	20,497	-	-	276,336
Transfers out	(20,497)	-	(379,567)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(479,962)	-	(379,567)	276,336
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	-	-	-	-
Interest paid on long-term debt	-	-	-	-
Acquisition and construction of capital assets	-	(39,046)	-	(133,927)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(39,046)	-	(133,927)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	15,495	-	-	-
NET INCREASE (DECREASE) IN POOLED CASH AND INVESTMENTS	(71,460)	128,407	(401,714)	90,070
Pooled cash and investments, beginning of year	1,203,967	318,907	405,214	1,422,209
Pooled cash and investments, end of year	<u>\$ 1,132,507</u>	<u>\$ 447,314</u>	<u>\$ 3,500</u>	<u>\$ 1,512,279</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 535,997	\$ (61,762)	\$ 381,264	\$ (450,396)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	41,853	53,682	8,672	450,883
(Increase) decrease in accounts receivable	(270,115)	1,491	(34,167)	(497)
(Increase) decrease in due from other funds	(172,606)	163,554	(17,013)	85,380
Decrease in inventories	-	-	1,354	-
Decrease in prepaid items	-	-	-	-
Increase (decrease) in accounts payable	36,488	5,503	724	(130,463)
Increase (decrease) in salaries withheld	17,029	4,663	112	-
Increase in interfund payable	-	-	13,389	-
Increase (decrease) in other accrued liabilities	-	3,002	2,175	-
Increase (decrease) in due to other funds	445,438	(2,680)	(378,657)	(7,246)
Increase in current liabilities payable from restricted assets	-	-	-	-
(Decrease) in deferred revenue	(241,077)	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 393,007</u>	<u>\$ 167,453</u>	<u>\$ (22,147)</u>	<u>\$ (52,339)</u>

Telephone	Insurance	Utilities Revolving	Workers' Compensation	Employee Benefit Fund	Totals
\$ 643,157	\$ 897,951	\$ 309,207	\$ -	\$ 16,791,105	\$ 25,040,095
(480,656)	209,077	(335,493)	(137,185)	(15,606,825)	(19,877,002)
(29,822)	-	-	-	(285,790)	(2,702,393)
-	(1,029,998)	-	(404,449)	(735,150)	(2,169,597)
132,679	77,030	(26,286)	(541,634)	163,340	291,103
(28,722)	-	-	-	-	(508,684)
7,700	-	-	55,575	9,000	369,108
-	-	-	-	(917)	(400,981)
(21,022)	-	-	55,575	8,083	(540,557)
(115,461)	-	-	-	-	(115,461)
(11,302)	-	-	-	-	(11,302)
-	-	-	-	3,917	(169,056)
(126,763)	-	-	-	3,917	(295,819)
-	54,022	-	51,265	42,019	162,801
(15,106)	131,052	(26,286)	(434,794)	217,359	(382,472)
50,464	809,124	28,988	1,476,117	1,446,642	7,161,632
<u>\$ 35,358</u>	<u>\$ 940,176</u>	<u>\$ 2,702</u>	<u>\$ 1,041,323</u>	<u>\$ 1,664,001</u>	<u>\$ 6,779,160</u>
\$ 43,105	\$ 729,869	\$ (316)	\$ (837,766)	\$ (81,966)	\$ 258,029
81,313	-	-	-	574	636,977
(4,442)	-	-	-	8,954	(298,776)
7,349	148,294	(43,639)	(4,608)	87,428	254,139
13	-	-	-	-	1,367
260	241,471	-	-	229	241,960
5,329	3,069	17,669	(57,799)	143,062	23,582
(248)	-	-	-	2,152	23,708
-	-	-	-	-	13,389
-	(1,029,998)	-	-	12,831	(1,011,990)
-	(15,675)	-	(8,379)	675	33,476
-	-	-	366,918	-	366,918
-	-	-	-	(10,599)	(251,676)
<u>\$ 132,679</u>	<u>\$ 77,030</u>	<u>\$ (26,286)</u>	<u>\$ (541,634)</u>	<u>\$ 163,340</u>	<u>\$ 291,103</u>

FIDUCIARY FUNDS

FIDUCIARY FUNDS

AGENCY FUNDS

Library Penal Fines - This fund is used to account for money that is received from the courts for fines imposed as a result of State law violations.

Agency - This fund is used to account for assets held by Ingham County acting as an agent for individuals, private organizations and other governmental units.

Payroll - This fund is used to account for the payroll paid to County employees. The payroll is paid from this fund after reimbursement from the benefited funds where the cost of payroll is expensed. The payroll deductions accumulate in this fund until paid to the creditors of the County.

Ingham County, Michigan

All Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2006

	Library Penal Fines	Agency	Payroll	Totals
ASSETS				
Pooled cash and investments	\$ 432,739	\$ 6,201,330	\$ 776,267	\$ 7,410,336
Accounts receivable	34,105	50,616	7,782	92,503
Accrued interest receivable	2,425	-	-	2,425
TOTAL ASSETS	\$ 469,269	\$ 6,251,946	\$ 784,049	\$ 7,505,264
LIABILITIES				
Deposits held	\$ -	\$ 2,532,999	\$ -	\$ 2,532,999
Undistributed receipts	469,269	-	-	469,269
Salaries and amounts withheld therefrom	-	-	241,930	241,930
Accrued pension liability	-	-	542,119	542,119
Due to other governmental units	-	3,718,947	-	3,718,947
TOTAL LIABILITIES	\$ 469,269	\$ 6,251,946	\$ 784,049	\$ 7,505,264

Ingham County, Michigan

All Agency Funds

COMBINING STATEMENTS OF CHANGES
IN ASSETS AND LIABILITIES

Year Ended December 31, 2006

<u>Library Penal Fines</u>	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Pooled cash and investments	\$ 436,905	\$ 1,203,440	\$ 1,207,606	\$ 432,739
Accounts receivable	36,098	34,105	36,098	34,105
Accrued interest receivable	2,185	2,425	2,185	2,425
TOTAL ASSETS	<u>\$ 475,188</u>	<u>\$ 1,239,970</u>	<u>\$ 1,245,889</u>	<u>\$ 469,269</u>
LIABILITIES				
Undistributed receipts	<u>\$ 475,188</u>	<u>\$ 928,110</u>	<u>\$ 934,029</u>	<u>\$ 469,269</u>
<u>Agency</u>	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Pooled cash and investments	\$ 6,513,210	\$ 240,257,973	\$ 240,569,853	\$ 6,201,330
Accounts receivable	46,573	53,128	49,085	50,616
TOTAL ASSETS	<u>\$ 6,559,783</u>	<u>\$ 240,311,101</u>	<u>\$ 240,618,938</u>	<u>\$ 6,251,946</u>
LIABILITIES				
Deposits held	\$ 2,338,454	\$ 152,641,752	\$ 152,447,207	\$ 2,532,999
Due to other governmental units	4,221,329	94,871,435	95,373,817	3,718,947
TOTAL LIABILITIES	<u>\$ 6,559,783</u>	<u>\$ 247,513,187</u>	<u>\$ 247,821,024</u>	<u>\$ 6,251,946</u>

Ingham County, Michigan

All Agency Funds

COMBINING STATEMENTS OF CHANGES
IN ASSETS AND LIABILITIES - CONCLUDED

Year Ended December 31, 2006

<u>Payroll</u>	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Pooled cash and investments	\$ 766,294	\$ 28,737,036	\$ 28,727,063	\$ 776,267
Accounts receivable	163	7,806	187	7,782
TOTAL ASSETS	<u>\$ 766,457</u>	<u>\$ 28,744,842</u>	<u>\$ 28,727,250</u>	<u>\$ 784,049</u>
LIABILITIES				
Salaries and amounts withheld therefrom	\$ 232,345	\$ 18,707,787	\$ 18,698,202	\$ 241,930
Accrued pension liability	534,112	10,075,095	10,067,088	542,119
TOTAL LIABILITIES	<u>\$ 766,457</u>	<u>\$ 28,782,882</u>	<u>\$ 28,765,290</u>	<u>\$ 784,049</u>
<u>Total - Agency Funds</u>	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Pooled cash and investments	\$ 7,716,409	\$ 270,198,449	\$ 270,504,522	\$ 7,410,336
Accounts receivable	82,834	95,039	85,370	92,503
Accrued interest receivable	2,185	2,425	2,185	2,425
TOTAL ASSETS	<u>\$ 7,801,428</u>	<u>\$ 270,295,913</u>	<u>\$ 270,592,077</u>	<u>\$ 7,505,264</u>
LIABILITIES				
Deposits held	\$ 2,338,454	\$ 152,641,752	\$ 152,447,207	\$ 2,532,999
Undistributed receipts	475,188	928,110	934,029	469,269
Salaries and amounts withheld therefrom	232,345	18,707,787	18,698,202	241,930
Accrued pension liability	534,112	10,075,095	10,067,088	542,119
Due to other governmental units	4,221,329	94,871,435	95,373,817	3,718,947
TOTAL LIABILITIES	<u>\$ 7,801,428</u>	<u>\$ 277,224,179</u>	<u>\$ 277,520,343</u>	<u>\$ 7,505,264</u>

COMPONENT UNIT

COMPONENT UNIT

DRAIN COMMISSION

Debt Service

The following funds are used for account for the Ingham County Drain Commission's Debt Services:

Regular Drain - This fund is used to account for monies accumulated for payment of principal and interest on long-term notes of the Regular Drain Construction Fund. Monies for the operation of this fund are derived from special assessments against benefiting property owners and at large assessments against local government units.

Diehl Consolidated Drain - This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

Stoner Clement Branch Drain - This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

Cook and Thorburn Drain - This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

Tollgate Drain - This fund is used to account for the retirement of bonds related to the Tollgate drain construction project. Monies accounted for in this fund are provided by special assessments against Ingham County, the City of Lansing and interest on invested funds.

Groesbeck Drain - This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

Webberville Drain #2 - This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

Williamston Drain - This fund is used to account for the retirement of bonds issued. Monies accounted for in this fund are provided by special assessments against political subdivisions, the Michigan Department of Transportation, Ingham County, and interest on invested funds.

Capital Projects

The following capital projects funds are used to account for the construction activity of the Ingham County Drain Commission:

Regular Drain - This fund is used to record construction, maintenance expenditures, and storm repair for all drains which are not accounted for in other drain capital projects funds.

Revolving Drain - This fund is used to account for monies advanced for engineering, surveys, and other preliminary costs of new drains. Monies for the operation of this fund are supplied by an advance from the County General Fund and reimbursements from drain funds as special assessments are collected. This fund is reported as a capital project fund in accordance with guidelines issued by the State of Michigan Department of Treasury.

COMPONENT UNIT

DRAIN COMMISSION

concluded

Capital Projects - concluded

Drain Revolving Maintenance - This fund is used to account for maintenance service work on established drains. Monies for the operation of this fund are supplied by interest earned on investments and reimbursement from drain funds as special assessments are collected.

GIS Study - This fund is used to account for the development of a Geographic Information System (GIS) for the development of a comprehensive plan to manage the utilization and conservation of water and related land resources.

Diehl Consolidated Drain - This fund is used to account for the construction and maintenance of the Diehl Consolidated Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Stoner Clement Branch Drain - This fund is used to account for the construction and maintenance of the Stoner Clement Branch Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Cook and Thorburn Drain - This fund is used to account for the construction and maintenance of the Cook and Thorburn Drain. Monies accounted for in this fund are provided by proceeds from the sale of bonds and interest on invested funds.

Lake Lansing Maintenance - This fund is used to account for the construction/restoration and maintenance costs of the Lake Lansing Improvement Project. Monies accounted for in this fund are provided by proceeds from the sale of bonds, special assessments and interest on invested funds.

Internal Service

The following internal service fund is used to account for operations that provide services to other funds on a cost-reimbursement basis:

Drain Equipment Revolving Fund - This fund is used to account for the purchase and maintenance of equipment used on various drains.

Ingham County, Michigan

Drain Commission Component Unit

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2006

	Governmental Fund Types		
	Debt Service	Capital Projects	Internal Service
ASSETS			
Pooled cash and investments	\$ 2,118,857	\$ 7,518,458	\$ 61,859
Special assessments receivable	25,639,446	1,113,539	-
Other receivables	-	-	4,153
Accrued interest receivable	8,671	42,208	-
Due from other funds	1,125	260,703	281,090
Due from other governmental units	1,103,901	38,413	-
Inventory	-	-	20,218
Unamortized bond issuance costs	-	-	-
Capital assets, net			
Assets not being depreciated	-	-	-
Assets being depreciated	-	-	158,331
TOTAL ASSETS	<u>\$ 28,872,000</u>	<u>\$ 8,973,321</u>	<u>\$ 525,651</u>
LIABILITIES			
Accounts payable	\$ -	\$ 1,373,133	\$ 26,219
Other accrued liabilities	-	-	-
Salaries and amounts withheld therefrom	-	-	13,501
Due to other funds	32,541	523,610	7,833
Advances to other governmental units	-	633,500	-
Due to other governmental units	1,059,429	-	-
Notes payable:			
Special assessments	-	2,613,710	-
Long-term liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
Compensated absences	-	-	58,240
Deferred revenue	25,659,337	1,319,282	98,027
TOTAL LIABILITIES	<u>26,751,307</u>	<u>6,463,235</u>	<u>203,820</u>
FUND BALANCES / NET ASSETS			
Fund balance			
Reserved for debt service	2,120,693	-	-
Unreserved (deficit)	-	2,510,086	321,831
TOTAL FUND BALANCES	<u>2,120,693</u>	<u>2,510,086</u>	<u>321,831</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,872,000</u>	<u>\$ 8,973,321</u>	<u>\$ 525,651</u>
NET ASSETS			
Invested in capital assets, net of related debt			
Restricted for debt service			
Unrestricted			
TOTAL NET ASSETS			

Total	Adjustments	Statement of Net Assets
\$ 9,699,174	\$ -	\$ 9,699,174
26,752,985	-	26,752,985
4,153	-	4,153
50,879	-	50,879
542,918	(542,918)	-
1,142,314	850	1,143,164
20,218	-	20,218
-	218,311	218,311
-	18,284,226	18,284,226
158,331	19,985,154	20,143,485
<u>\$ 38,370,972</u>	<u>\$ 37,945,623</u>	<u>\$ 76,316,595</u>
\$ 1,399,352	\$ -	\$ 1,399,352
-	200,503	200,503
13,501	-	13,501
563,984	(563,984)	-
633,500	-	633,500
1,059,429	21,916	1,081,345
2,613,710	-	2,613,710
-	1,633,118	1,633,118
-	24,312,547	24,312,547
58,240	-	58,240
27,076,646	(26,918,227)	158,419
<u>33,418,362</u>	<u>(1,314,127)</u>	<u>32,104,235</u>
2,120,693	(2,120,693)	
2,831,917	(2,831,917)	
<u>4,952,610</u>	<u>(4,952,610)</u>	
<u>\$ 38,370,972</u>		
	10,086,647	10,086,647
	1,920,190	1,920,190
	<u>32,205,523</u>	<u>32,205,523</u>
	<u>\$ 44,212,360</u>	<u>\$ 44,212,360</u>

Ingham County, Michigan

Drain Commission Component Unit

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS

December 31, 2006

Total fund balances - governmental funds **\$ 4,952,610**

Amounts reported for governmental activities in the statement of net assets
are different because

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Capital assets	\$ 49,084,052	
Accumulated depreciation	<u>(10,814,672)</u>	
		38,269,380

Other long-term assets are not available to pay for current-period
expenditures and therefore are deferred or not recorded in the funds.

Long-term special assessments receivable included in deferred revenue	26,918,227	
Unamortized bond issue costs	<u>218,311</u>	
		27,136,538

Long-term liabilities are not due and payable in the current period and are
not reported in the funds:

Special assessment debt	(25,945,665)
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Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
governmental funds.

Accrued interest on bonds payable	<u>(200,503)</u>
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Net assets of governmental activities **\$ 44,212,360**

Ingham County, Michigan

Drain Commission Component Unit

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

Year Ended December 31, 2006

	Governmental Fund Types		Internal
	Debt Service	Capital Projects	Service
REVENUES			
Special assessments	\$ 2,220,783	\$ 1,002,506	\$ -
Charges for services	-	-	822,010
Interest	97,160	459,583	-
Other	-	89,686	249,338
TOTAL REVENUES	<u>2,317,943</u>	<u>1,551,775</u>	<u>1,071,348</u>
EXPENDITURES / EXPENSES			
Administrative and other operating expenses	-	1,472,695	1,151,028
Depreciation expense	-	-	56,388
Capital outlay	-	6,766,473	-
Bond Issuance cost	-	64,994	-
Debt service			
Principal retirement	1,140,296	-	-
Interest and fiscal charges	968,807	128,053	-
TOTAL EXPENDITURES / EXPENSES	<u>2,109,103</u>	<u>8,432,215</u>	<u>1,207,416</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES / EXPENSES	208,840	(6,880,440)	(136,068)
OTHER FINANCING SOURCES (USES)			
Transfers in	22,605	142,935	-
Transfers out	(10,480)	(155,060)	-
Proceeds of note/debt issuance	-	2,544,500	-
Premium on debt issuance	-	4,636	-
Gain on disposal of fixed assets	-	8,576	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,125</u>	<u>2,545,587</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	220,965	(4,334,853)	(136,068)
CHANGE IN NET ASSETS			
Fund balances / net assets, beginning of year	1,899,728	6,844,939	457,899
Fund balances / net assets, end of year	<u>\$ 2,120,693</u>	<u>\$ 2,510,086</u>	<u>\$ 321,831</u>

Total	Adjustments	Statement of Activities
\$ 3,223,289	\$ 1,129,297	\$ 4,352,586
822,010	(822,010)	-
556,743	-	556,743
339,024	(249,338)	89,686
<u>4,941,066</u>	<u>57,949</u>	<u>4,999,015</u>
2,623,723	(1,071,348)	1,552,375
56,388	1,026,661	1,083,049
6,766,473	(6,766,473)	-
64,994	(57,328)	7,666
1,140,296	(1,140,296)	-
1,096,860	25,083	1,121,943
<u>11,748,734</u>	<u>(7,983,701)</u>	<u>3,765,033</u>
(6,807,668)	8,041,650	1,233,982
165,540	(165,540)	-
(165,540)	165,540	-
2,544,500	(2,544,500)	-
4,636	(4,636)	-
8,576	-	8,576
<u>2,557,712</u>	<u>(2,549,136)</u>	<u>8,576</u>
(4,249,956)		
	5,492,514	1,242,558
9,202,566	33,767,236	42,969,802
<u>\$ 4,952,610</u>	<u>\$ 39,259,750</u>	<u>\$ 44,212,360</u>

Ingham County, Michigan

Drain Commission Component Unit

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2006

Net change in fund balances - total governmental funds **\$ (4,249,956)**

Amounts reported for governmental activities in the statement of net assets
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by which
capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 6,766,473	
Depreciation expense	<u>(1,026,661)</u>	
		5,739,812

Revenues in the statement of activities that do not provide current financial resources
are not reported as revenues in the funds, but rather are deferred to the following
fiscal years.

Change in deferred long-term special assessments receivable	1,129,297
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The issuance of long-term debt (e.g., bonds, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets.

Proceeds from bond issuance	(2,544,500)	
Premium on bond issuance	(4,636)	
Amortization premium on bond issuance	1,153	
Principal payments on long-term bonds and other debt	1,140,296	
Amortization bond issuance costs	(7,666)	
Bond issuance costs	<u>64,994</u>	
		(1,350,359)

Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
governmental funds.

Increase in accrued interest payable	<u>(26,236)</u>
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Change in net assets of governmental activities	<u><u>\$ 1,242,558</u></u>
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INGHAM COUNTY, MICHIGAN

Drain Commission Component Unit

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - DRAIN EQUIPMENT FUND

Year Ended December 31, 2006

	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 947,280
Payments to suppliers	(596,345)
Payments to employees	(685,566)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(334,631)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Contributed capital - County	(50,013)
NET (DECREASE) IN POOLED CASH AND INVESTMENTS DURING YEAR	<u>(384,644)</u>
Pooled cash and investments, beginning of year	446,503
Pooled cash and investments, end of year	<u>\$ 61,859</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:	
Operating (loss)	\$ (136,068)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation expense	56,388
(Increase) in accounts receivable	(4,153)
(Increase) in due from other funds	(151,871)
(Increase) in inventories	(2,564)
Increase in accounts payable	7,646
Increase in salaries withheld	30,162
(Decrease) in due to other funds	(112,303)
(Decrease) in deferred revenue	(21,868)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>\$ (334,631)</u>

Ingham County, Michigan

Drain Commission Component Unit

COMBINING BALANCE SHEET - DEBT SERVICE FUNDS

December 31, 2006

	Regular Drain	Diehl Consolidated	Stoner Clement Branch
ASSETS			
Pooled cash and investments	\$ 559,641	\$ 366,762	\$ 147,475
Special assessments receivable	16,300,347	1,520,189	604,602
Accrued interest receivable	1,960	1,558	612
Due from other funds	1,125	-	-
Due from other governmental units	1,070,912	-	-
TOTAL ASSETS	<u>\$ 17,933,985</u>	<u>\$ 1,888,509</u>	<u>\$ 752,689</u>
LIABILITIES			
Due to other governmental units	\$ 1,059,429	\$ -	\$ -
Due to other funds	32,541	-	-
Deferred revenue	16,308,126	1,524,374	610,189
TOTAL LIABILITIES	<u>17,400,096</u>	<u>1,524,374</u>	<u>610,189</u>
FUND BALANCES			
Reserved for debt service	533,889	364,135	142,500
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,933,985</u>	<u>\$ 1,888,509</u>	<u>\$ 752,689</u>

Cook and Thorburn	Tollgate Drain	Groesbeck Drain	Webberville Drain #2	Williamston Drain	Total
\$ 136,067	\$ 107,278	\$ 357,254	\$ 77,148	\$ 367,232	\$ 2,118,857
627,116	2,730,803	1,993,013	231,459	1,631,917	25,639,446
562	649	1,465	363	1,502	8,671
-	-	-	-	-	1,125
-	32,989	-	-	-	1,103,901
<u>\$ 763,745</u>	<u>\$ 2,871,719</u>	<u>\$ 2,351,732</u>	<u>\$ 308,970</u>	<u>\$ 2,000,651</u>	<u>\$ 28,872,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,059,429
-	-	-	-	-	32,541
629,411	2,730,803	1,993,961	230,556	1,631,917	25,659,337
<u>629,411</u>	<u>2,730,803</u>	<u>1,993,961</u>	<u>230,556</u>	<u>1,631,917</u>	<u>26,751,307</u>
134,334	140,916	357,771	78,414	368,734	2,120,693
<u>\$ 763,745</u>	<u>\$ 2,871,719</u>	<u>\$ 2,351,732</u>	<u>\$ 308,970</u>	<u>\$ 2,000,651</u>	<u>\$ 28,872,000</u>

Ingham County, Michigan

Drain Commission Component Unit

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - DEBT SERVICE FUNDS

Year Ended December 31, 2006

	Regular Drain	Diehl Consolidated	Stoner Clement Branch
REVENUES			
Special assessments	\$ 922,906	\$ 242,030	\$ 78,480
Interest	23,061	14,643	6,368
TOTAL REVENUES	<u>945,967</u>	<u>256,673</u>	<u>84,848</u>
EXPENDITURES			
Debt service			
Principal retirement	405,296	125,000	35,000
Interest and fiscal charges	502,883	77,631	26,705
TOTAL EXPENDITURES	<u>908,179</u>	<u>202,631</u>	<u>61,705</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	37,788	54,042	23,143
OTHER FINANCING SOURCES (USES)			
Transfers in	22,605	-	-
Transfers out	(10,480)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,125</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	49,913	54,042	23,143
Fund balance, beginning of year	483,976	310,093	119,357
Fund balance, end of year	<u>\$ 533,889</u>	<u>\$ 364,135</u>	<u>\$ 142,500</u>

Cook and Thorburn	Tollgate Drain	Groesbeck Drain	Webberville Drain #2	Williamston Drain	Total
\$ 72,261	\$ 390,102	\$ 220,836	\$ 72,953	\$ 221,215	\$ 2,220,783
9,314	4,235	18,143	2,808	18,588	97,160
<u>81,575</u>	<u>394,337</u>	<u>238,979</u>	<u>75,761</u>	<u>239,803</u>	<u>2,317,943</u>
35,000	255,000	150,000	30,000	105,000	1,140,296
27,054	142,202	98,650	13,752	79,930	968,807
<u>62,054</u>	<u>397,202</u>	<u>248,650</u>	<u>43,752</u>	<u>184,930</u>	<u>2,109,103</u>
19,521	(2,865)	(9,671)	32,009	54,873	208,840
-	-	-	-	-	22,605
-	-	-	-	-	(10,480)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,125</u>
19,521	(2,865)	(9,671)	32,009	54,873	220,965
114,813	143,781	367,442	46,405	313,861	1,899,728
<u>\$ 134,334</u>	<u>\$ 140,916</u>	<u>\$ 357,771</u>	<u>\$ 78,414</u>	<u>\$ 368,734</u>	<u>\$ 2,120,693</u>

Ingham County, Michigan

Drain Commission Component Unit

COMBINING BALANCE SHEET - CAPITAL PROJECTS FUNDS

December 31, 2006

	Regular Drain	Revolving Drain	Drain Revolving Maintenance
ASSETS			
Pooled cash and investments	\$ 6,895,176	\$ 365,423	\$ 127,861
Special assessments receivable	982,129	-	-
Accrued interest receivable	40,691	-	751
Due from other funds	108,248	-	20,000
Due from other governmental units	38,413	-	-
TOTAL ASSETS	<u>\$ 8,064,657</u>	<u>\$ 365,423</u>	<u>\$ 148,612</u>
LIABILITIES			
Accounts payable	\$ 1,373,133	\$ -	\$ -
Due to other funds	433,950	72,923	-
Advances from primary government	-	292,500	-
Special assessment short-term notes payable	2,613,710	-	-
Deferred revenue	1,187,872	-	-
TOTAL LIABILITIES	<u>5,608,665</u>	<u>365,423</u>	<u>-</u>
FUND BALANCES (DEFICIT)			
Unreserved, undesignated	<u>2,455,992</u>	<u>-</u>	<u>148,612</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 8,064,657</u>	<u>\$ 365,423</u>	<u>\$ 148,612</u>

<u>GIS Study</u>	<u>Diehl Consolidated</u>	<u>Stoner Clement Branch</u>	<u>Cook and Thorburn</u>	<u>Lake Lansing Maintenance</u>	<u>Totals</u>
\$ -	\$ 114,712	\$ 13,204	\$ -	\$ 2,082	\$ 7,518,458
131,410	-	-	-	-	1,113,539
-	675	78	-	13	42,208
-	-	-	132,455	-	260,703
-	-	-	-	-	38,413
<u>\$ 131,410</u>	<u>\$ 115,387</u>	<u>\$ 13,282</u>	<u>\$ 132,455</u>	<u>\$ 2,095</u>	<u>\$ 8,973,321</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,373,133
5,861	-	-	10,876	-	523,610
341,000	-	-	-	-	633,500
-	-	-	-	-	2,613,710
131,410	-	-	-	-	1,319,282
<u>478,271</u>	<u>-</u>	<u>-</u>	<u>10,876</u>	<u>-</u>	<u>6,463,235</u>
<u>(346,861)</u>	<u>115,387</u>	<u>13,282</u>	<u>121,579</u>	<u>2,095</u>	<u>2,510,086</u>
<u>\$ 131,410</u>	<u>\$ 115,387</u>	<u>\$ 13,282</u>	<u>\$ 132,455</u>	<u>\$ 2,095</u>	<u>\$ 8,973,321</u>

Ingham County

Drain Commission Component Unit

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - CAPITAL PROJECTS FUNDS

Year Ended December 31, 2006

	Regular Drain	Revolving Drain	Drain Revolving Maintenance
REVENUES			
Special assessments	\$ 1,002,506	\$ -	\$ -
Interest	450,008	-	3,282
Other	89,686	-	-
TOTAL REVENUES	<u>1,542,200</u>	<u>-</u>	<u>3,282</u>
EXPENDITURES			
Operating expenses	1,463,695		
Capital outlay	6,695,826	-	-
Debt service - interest and fiscal charges	128,053	-	-
Bond issuance costs	64,994	-	-
TOTAL EXPENDITURES	<u>8,352,568</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,810,368)	-	3,282
OTHER FINANCING SOURCES (USES)			
Transfers in	10,480	-	-
Transfers out	(155,060)	-	-
Proceeds of note/debt issuance	2,544,500	-	-
Premium on debt issuance	4,636	-	-
Gain (loss) on disposal of fixed assets	8,576	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,413,132</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	(4,397,236)	-	3,282
Fund balances (deficit), beginning of year	6,853,228	-	145,330
Fund balances (deficit), end of year	<u>\$ 2,455,992</u>	<u>\$ -</u>	<u>\$ 148,612</u>

GIS Study	Diehl Consolidated	Stoner Clement Branch	Cook and Thorburn	Lake Lansing Maintenance	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,002,506
17	4,934	569	684	89	459,583
-	-	-	-	-	89,686
17	4,934	569	684	89	1,551,775
9,000					1,472,695
-	2,038	333	68,276	-	6,766,473
-	-	-	-	-	128,053
-	-	-	-	-	64,994
9,000	2,038	333	68,276	-	8,432,215
(8,983)	2,896	236	(67,592)	89	(6,880,440)
-	-	-	132,455	-	142,935
-	-	-	-	-	(155,060)
-	-	-	-	-	2,544,500
-	-	-	-	-	4,636
-	-	-	-	-	8,576
-	-	-	132,455	-	2,545,587
(8,983)	2,896	236	64,863	89	(4,334,853)
(337,878)	112,491	13,046	56,716	2,006	6,844,939
\$ (346,861)	\$ 115,387	\$ 13,282	\$ 121,579	\$ 2,095	\$ 2,510,086

COMPONENT UNIT

ECONOMIC DEVELOPMENT CORPORATION

Economic Development Corporation (EDC) – This fund is used to account for the various activities and project plans within the Economic Development Corporation. The EDC is responsible for assisting in the expansion of business in the geographic area.

Ingham County, Michigan

Economic Development Corporation Component Unit

BALANCE SHEET

December 31, 2006

	Special Revenue
ASSETS	
Pooled cash and investments	<u>\$ 3,771</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	\$ -
FUND BALANCE	
Unreserved, undesignated	<u> 3,771</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,771</u>

Note: Reconciliation of the component unit governmental fund balance sheet to the statement of net assets for this component unit is not required as the component unit's fund balance was equal to the component unit's net assets as of December 31, 2006.

Ingham County, Michigan

Economic Development Corporation Component Unit

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2006

	Special Revenue
REVENUES	\$ -
EXPENDITURES	-
NET CHANGE IN FUND BALANCE	-
Fund balance, beginning of year	3,771
Fund balance, end of year	\$ 3,771

Note: Reconciliation of the statement of revenues, expenditures, and changes in fund balance of this component unit's governmental fund to the statement of activities for the component unit is not required as the net change in fund balance of the component unit governmental fund was equal to the change in net assets of the component unit for the year ended December 31, 2006.

Principals

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Ingham County
Mason, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Ingham County, Michigan as of and for the year ended December 31, 2006, which collectively comprise Ingham County's basic financial statements and have issued our report thereon dated June 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ingham County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ingham County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ingham County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

2006-1 Back-dating of cash receipts in the automated accounting system

Condition: The County's cash receipting and general ledger accounting system allows receipts to be back-dated. This is a common practice at the County as receipts from departments are entered into the system in the Treasurer's office.

Criteria: It is an important internal control that receipts are entered into the automated system at the soonest point in time that is possible. Equally important is that employees should not be able to record a receipt from today as being received on a previous day. Additionally, the internal control of reconciling the daily sequence of receipt numbers (which are assigned sequentially) is not possible in the current environment.

2006-1 Back-dating of cash receipts in the automated accounting system - continued

During cash receipt entry, fields for receipt date and effective date are editable and should not be. No reports are available that list receipts in receipt number order. Employees interviewed did not know if a system setting was available that would restrict or eliminate this ability.

Effect: As a result of this condition, the County is exposed to a fraud risk of a lapping scheme that could be covered by an employee through the back-dating of receipts. Receipts could be stolen on one day and replaced on another.

Recommendation: We recommend the County investigate potential software setup or programming changes to address this issue.

Corrective Action Response: The latest update to the County's finance software, implemented May 12, 2007 does not allow modifications to the entry date of cash receipts. An earlier update also allowed for consecutive numbering sequences to be established by department, and this was done January 1, 2007 based on an enhancement request with the software vendor. The County is currently working with the finance software vendor to produce a consecutively numbered cash receipt report.

2006-2 Documentation of purchasing card usage

Condition: During our testing of transactions related to the use of purchasing cards it was determined that the County had not complied with established policies and financial management procedures. It was noted that:

- The County was unable to produce supporting documentation for three (3) purchasing card transactions.
- Several purchases appeared they could be personal in nature. No business purpose was documented for these transactions.
- Instances were noted where purchases were made using County purchasing cards (meals, recognition functions) that violate Michigan State law or Attorney General Opinions as compiled in Michigan Department of Treasury's document "Determining Lawful Expenditures".

Criteria: The County's purchasing card policy requires documentation to be kept for all purchases. Additionally, the policy requires that no personal purchases be made with the card. Management has not provided proper review and internal control over the use of purchasing cards.

Effect: The County is exposed to a fraud risk due to potential improper use of purchasing cards.

Recommendation: We recommend the County take steps to ensure that supporting documentation is retained for all credit card transactions, including documentation of the business purpose of all charges. We further recommend that the cards be used only for lawful expenditures allowed by the State of Michigan.

Corrective Action Response: The documentation requirements will be clearly defined and posted on the intranet. Training sessions will be developed for P-card users. Additional staff will be assigned to review P-card receipts to insure timely review and to follow up on questionable charges.

2006-3 Prior period adjustment

Condition: As indicated in the Road Commission component unit financial statements, a material amount was recorded as a prior period adjustment in the current year to correct an error from the prior year related to an overstated receivable that was booked and never collected.

Criteria: This error was not detected by the Road Commission's internal control over financial reporting in the prior year and as a result there was a material misstatement in the December 31, 2005 financial statements.

Effect: The prior year financial statements contained a material misstatement that was not detected by management until after the December 31, 2005 financial statements were issued. This misstatement was also written off in 2006 as it was deemed uncollectible but the write-off of this misstatement was never discussed with the Board or brought to their attention for approval prior to being written off.

Recommendation: We recommend the Road Commission review procedures in the areas where these errors were noted and take steps to ensure that there is no recurrence of similar issues. Also, in the future, management should make the Road Commission Board aware of all material misstatements from prior audited financial statements and approval from the Road Commission Board should be obtained prior to these amounts being adjusted in the general ledger.

2006-3 Prior period adjustment - continued

Corrective Action Response: Management of the Road Commission is currently reviewing procedures related to identification and correction of potential errors in the financial statements.

2006-4 Bank accounts not recorded

Condition: During the course of our audit, we noted over twenty bank accounts that were not initially recorded in the County's general ledger. The accounts were recorded through a journal entry recommended by the auditors.

Criteria: The recording of all cash accounts is necessary to demonstrate stewardship over all of the activities that have been entrusted to the County.

Effect: The County has failed to record all of the bank accounts that they have custody over. As a result, the County has not maintained adequate internal control over cash activities.

Recommendation: We recommend that the County take steps to ensure that all bank accounts are properly identified and recorded in the County's general ledger.

Corrective Action Response: Previously unrecorded cash accounts have been posted to the Agency Fund.

2006-5 Material journal entries proposed by auditors

Condition: Material journal entries for the recording of cash and taxes receivable were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting.

Criteria: Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (when applicable), including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

Effect: Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the County's internal controls.

Recommendation: We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: Additional consideration and review will be given to property tax receivables at year end. However, we feel that unusual circumstances significantly contributed to this issue. The mandated gradual shift in property tax collections from winter to summer has added significant complexity to property tax accounting over the past three (3) years. Finally in 2007, 100% of the County's operating millage will be collected in the summer.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that of the significant deficiencies described above, items 2006-4 and 2006-5 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ingham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described below.

2006-6 Unlawful expenditures

Condition: Several instances of meals being purchased with no details being noted of the business purpose for these meals and employee recognition purchases were noted.

Criteria: Guidance concerning lawful expenditures is given by the Michigan Department of Treasury in a document called "Determining Lawful Expenditures" that is available on their website. Specifically disallowed are expenditures for meals (with some exceptions) and employee recognition.

Effect: The County is not in compliance with applicable requirements imposed by the State of Michigan.

Recommendation: We recommend that all expenditures that do not have a documented public purpose be discontinued.

Corrective Action Response: Documentation requirements will be clearly defined and posted on the intranet.

2006-7 Unfavorable Budget Variances

Condition: During our review of the County's compliance with the budgeting act, we noted that expenditures had exceeded the amounts appropriated for activities in one (1) Special Revenue Fund.

Criteria: The Uniform Budgeting and Accounting Act requires the County to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined". The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body".

Effect: Having an unfavorable budget variance as described above, the County is not in compliance with Public Act 621 of 1978, as amended.

Recommendation: We recommend the County monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

Corrective Action Response: Management of the County is currently reviewing procedures related to budgetary compliance in accordance with State law.

We noted certain matters that we reported to management and the Board of Commissioners of Ingham County in a separate letter dated June 20, 2007.

Ingham County's responses to the findings identified in our audit are described above. We did not audit Ingham County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners of Ingham County, others within the County, the pass-through grantors and the Federal award agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 20, 2007

STATISTICAL SECTION
(UNAUDITED)

Ingham County, Michigan

NET ASSETS BY COMPONENT ⁽¹⁾⁽²⁾

2002-2006
(Unaudited)

	Fiscal		Year		
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 26,204,175	\$ 23,837,642	\$ 26,340,217	\$ 25,138,520	\$ 24,201,263
Restricted	1,384,836	2,386,621	1,883,063	534,675	1,474,890
Unrestricted	41,315,117	42,588,864	51,076,988	59,877,898	71,789,860
Total governmental activities net assets	<u>\$ 68,904,128</u>	<u>\$ 68,813,127</u>	<u>\$ 79,300,268</u>	<u>\$ 85,551,093</u>	<u>\$ 97,466,013</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 9,177,088	\$ 8,724,962	\$ 8,356,847	\$ 11,088,316	\$ 10,766,967
Restricted	6,780,319	7,707,260	8,588,272	6,841,735	7,662,222
Unrestricted	5,116,920	5,602,823	6,737,679	6,950,030	9,364,664
Total business-type activities net assets	<u>\$ 21,074,327</u>	<u>\$ 22,035,045</u>	<u>\$ 23,682,798</u>	<u>\$ 24,880,081</u>	<u>\$ 27,793,853</u>
Primary government					
Invested in capital assets, net of related debt	\$ 35,381,263	\$ 32,562,604	\$ 34,697,064	\$ 36,226,836	\$ 34,968,230
Restricted	8,165,155	10,093,881	10,471,335	7,376,410	9,137,112
Unrestricted	46,432,037	48,191,687	57,814,667	66,827,928	81,154,524
Total primary government net assets	<u>\$ 89,978,455</u>	<u>\$ 90,848,172</u>	<u>\$ 102,983,066</u>	<u>\$ 110,431,174</u>	<u>\$ 125,259,866</u>

Notes:

(1) Source: Ingham County Basic Financial Statements.

(2) The County implemented the reporting requirements of GASB Statement 34 in fiscal year 2002.

Net asset information for periods prior to implementation is not readily available.

Ingham County, Michigan

CHANGES IN NET ASSETS ⁽¹⁾⁽²⁾

2002-2006
(Unaudited)

	Fiscal	
	2002	2003
Expenses		
Governmental activities		
General government	\$ 14,794,318	\$ 19,992,310
Public safety	26,289,887	28,557,837
Judicial	12,156,312	11,610,610
Public works	5,774,148	2,768,290
Health	29,883,268	32,910,886
Welfare	13,354,059	11,443,963
Education	80,290	80,221
Economic development	238,522	320,648
Culture and recreation	4,128,889	4,687,303
Interest on long-term debt	2,088,263	1,501,310
Total governmental activities expenses	108,787,956	113,873,378
Business-type activities		
Medical Care Facility	32,617,985	28,792,235
Delinquent tax collection	282,227	235,072
Refunding sanitary sewer project	-	313,504
Other	2,769,876	3,128,231
Total business-type activities expenses	35,670,088	32,469,042
Total primary government expenses	\$ 144,458,044	\$ 146,342,420
Revenues		
Governmental activities		
Charges for services	\$ 20,131,867	\$ 29,467,655
Operating grants and contributions	30,012,792	26,660,744
Capital grants and contributions	2,102,208	-
Total governmental activities program revenues	52,246,867	56,128,399
Business-type activities		
Charges for services	\$ 17,192,322	\$ 17,790,165
Operating grants and contributions	21,217,098	16,885,295
Total business-type activities program revenues	38,409,420	34,675,460
Total primary government program revenues	\$ 90,656,287	\$ 90,803,859
Net (Expenses) Revenue		
Governmental activities	\$ (56,541,089)	\$ (57,744,979)
Business-type activities	2,739,332	2,206,418
Total primary government net (expense) revenue	\$ (53,801,757)	\$ (55,538,561)

		Year			
2004		2005		2006	
\$	22,459,229	\$	22,667,675	\$	22,193,079
	31,662,100		37,125,711		34,702,692
	12,242,955		12,371,724		13,541,035
	2,739,401		2,845,372		2,925,389
	31,652,086		33,489,946		35,419,642
	13,472,066		15,796,063		15,597,913
	71,805		73,614		63,344
	526,534		581,923		160,504
	4,865,445		5,200,269		5,384,014
	1,431,216		1,273,846		1,161,496
121,122,837		131,426,143		131,149,108	
20,349,234		14,867,800		16,040,413	
221,668		603,901		811,468	
280,469		245,678		211,236	
2,775,860		2,927,606		3,295,752	
23,627,231		18,644,985		20,358,869	
\$	144,750,068	\$	150,071,128	\$	151,507,977
27,149,153		27,431,300		28,476,613	
29,908,797		34,615,598		32,719,512	
-		258,231		-	
57,057,950		62,305,129		61,196,125	
18,825,542		19,401,188		22,534,849	
8,079,156		1,996,224		1,893,435	
26,904,698		21,397,412		24,428,284	
\$	83,962,648	\$	83,702,541	\$	85,624,409
(64,064,887)		(69,121,014)		(69,952,983)	
3,277,467		2,752,427		4,069,415	
\$	(60,787,420)	\$	(66,368,587)	\$	(65,883,568)

Ingham County, Michigan

CHANGES IN NET ASSETS - CONCLUDED ⁽¹⁾⁽²⁾

2002-2006
(Unaudited)

	Fiscal	
	2002	2003
General Revenues		
Governmental activities		
Taxes	\$ 43,752,449	\$ 51,248,508
Grants and contributions for general use	5,357,755	4,633,173
Investment earnings	2,539,200	1,762,342
Gain (loss) on sale of capital assets	-	-
Miscellaneous	1,855,675	-
Transfers	2,169,946	1,641,468
Total governmental activities general revenues	55,675,025	59,285,491
Business-type activities		
Investment earnings	355,898	201,995
Gain (loss) on sale of capital assets	-	-
Miscellaneous	-	-
Transfers	(2,163,355)	(1,959,103)
Total business-type activities general revenues	(1,807,457)	(1,757,108)
Total primary government general revenues	\$ 53,867,568	\$ 57,528,383
Change in Net Assets		
Governmental activities	(866,064)	1,540,512
Business-type activities	931,875	449,310
Total primary government	\$ 65,811	\$ 1,989,822

Notes:

(1) Source: Ingham County Basic Financial Statements.

(2) The County implemented the reporting requirements of GASB Statement 34 in fiscal year 2002. Net asset information for periods prior to implementation is not readily available.

	Year		
	2004	2005	2006
\$	67,672,210	\$ 70,777,515	\$ 75,627,180
	2,242,325	6,403	6,188
	2,429,851	2,449,860	3,307,361
	6,685	62,239	26,808
	-	-	-
	2,200,958	1,565,334	2,900,366
	<u>74,552,029</u>	<u>74,861,351</u>	<u>81,867,903</u>
	336,766	392,795	673,409
	4,879	-	-
	-	-	14,471
	<u>(1,901,359)</u>	<u>(1,947,939)</u>	<u>(1,843,523)</u>
	<u>(1,559,714)</u>	<u>(1,555,144)</u>	<u>(1,155,643)</u>
\$	<u>72,992,315</u>	<u>\$ 73,306,207</u>	<u>\$ 80,712,260</u>
	10,487,142	5,740,337	11,914,920
	1,717,753	1,197,283	2,913,772
\$	<u>12,204,895</u>	<u>\$ 6,937,620</u>	<u>\$ 14,828,692</u>

Ingham County, Michigan

FUND BALANCES OF GOVERNMENTAL FUNDS ⁽¹⁾

1997-2006
(Unaudited)

	Fiscal			
	1997	1998	1999	2000
General Fund				
Reserved	\$ 11,491,475	\$ 10,343,983	\$ 10,137,764	\$ 6,043,836
Unreserved	8,532,517	8,196,245	8,514,367	10,444,663
Total General Fund	<u>\$ 20,023,992</u>	<u>\$ 18,540,228</u>	<u>\$ 18,652,131</u>	<u>\$ 16,488,499</u>
All other governmental funds				
Reserved	\$ 412,361	\$ 163,677	\$ 293,946	\$ 213,387
Unreserved, reported in:				
Special revenue funds	14,841,857	16,428,070	17,917,417	19,209,531
Debt service funds	-	-	-	-
Capital projects funds	1,445,473	8,187,991	2,161,203	1,425,066
Total all other governmental funds	<u>\$ 16,699,691</u>	<u>\$ 24,779,738</u>	<u>\$ 20,372,566</u>	<u>\$ 20,847,984</u>

Notes:

(1) Source: Ingham County Comprehensive Annual Financial Report

Year					
2001	2002	2003	2004	2005	2006
\$ 2,339,685	\$ 2,199,695	\$ 2,067,772	\$ 2,393,192	\$ 3,888,923	\$ 3,669,303
7,456,582	8,176,959	8,536,005	9,787,278	10,395,320	13,252,259
<u>\$ 9,796,267</u>	<u>\$ 10,376,654</u>	<u>\$ 10,603,777</u>	<u>\$ 12,180,470</u>	<u>\$ 14,284,243</u>	<u>\$ 16,921,562</u>
\$ 243,603	\$ 410,949	\$ 727,318	\$ 1,058,009	\$ 77,507	\$ 252,851
19,535,564	19,784,278	23,112,798	35,763,155	42,633,814	54,446,585
-	-	-	-	189,771	-
1,650,939	2,064,463	1,818,681	51,926	47,680	46,680
<u>\$ 21,430,106</u>	<u>\$ 22,259,690</u>	<u>\$ 25,658,797</u>	<u>\$ 36,873,090</u>	<u>\$ 42,948,772</u>	<u>\$ 54,746,116</u>

Ingham County, Michigan

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS ⁽¹⁾

1997-2006
(Unaudited)

	Fiscal			
	1997	1998	1999	2000
Revenues				
Taxes	\$ 36,054,117	\$ 38,036,187	\$ 39,876,642	\$ 41,737,234
Licenses and permits	223,159	207,507	210,574	227,152
Intergovernmental	26,153,429	26,657,144	29,080,723	30,704,851
Charges for services	9,489,079	9,406,817	11,150,765	13,861,229
Fines and forfeits	343,767	394,405	303,762	366,033
Interest and rents	2,705,399	2,770,486	2,843,165	3,487,903
Other revenue	4,343,259	4,622,965	6,158,429	5,542,651
Total revenues	79,312,209	82,095,511	89,624,060	95,927,053
Expenditures				
Public safety	19,029,079	19,948,585	20,781,540	22,503,232
Public works	1,479,658	1,695,414	2,360,816	2,413,874
Judicial	9,369,540	9,629,076	10,116,640	10,721,251
Culture and recreation	3,145,232	3,326,715	3,563,638	3,575,349
General government	10,630,639	11,816,029	11,803,149	12,225,303
Health	18,592,459	19,291,136	22,148,615	24,375,321
Welfare	9,953,880	10,571,545	11,403,277	12,270,377
Education	2,148,445	127,092	1,318,247	723,373
Economic development	271,123	223,077	564,394	1,931,369
Capital outlay	4,375,381	7,280,717	9,105,339	4,645,843
Debt service	3,830,279	4,614,091	5,100,130	5,156,952
Intergovernmental	-	-	-	1,792,743
Total expenditures	82,825,715	88,523,477	98,265,785	102,334,987
Excess of revenues over (under) expenditures	(3,513,506)	(6,427,966)	(8,641,725)	(6,407,934)
Other financing sources (uses)				
Proceeds from borrowing	-	22,003,657	-	-
Bond premium	-	-	-	-
Payment to refund bond escrow agent	-	(11,860,652)	-	-
Transfers in	21,943,546	19,782,717	19,908,392	21,436,728
Transfers out	(17,960,551)	(16,890,413)	(15,560,916)	(16,717,008)
Total other financing sources (uses)	3,982,995	13,035,309	4,347,476	4,719,720
Net change in fund balances	\$ 469,489	\$ 6,607,343	\$ (4,294,249)	\$ (1,688,214)
Debt service as a percentage of noncapital expenditures	5.4%	5.4%	5.3%	5.4%

Notes:

(1) Source: Ingham County Comprehensive Annual Financial Report

Year					
2001	2002	2003	2004	2005	2006
\$ 42,727,476	\$ 45,662,613	\$ 51,248,508	\$ 67,672,210	\$ 70,329,827	\$ 76,330,485
254,054	257,247	279,683	281,608	326,632	334,769
32,508,591	34,576,011	31,293,917	32,151,122	34,880,232	32,725,700
14,775,824	17,479,435	22,354,922	20,543,194	18,810,934	18,173,054
342,689	422,270	379,083	482,258	560,047	719,076
2,674,593	1,943,554	1,250,269	1,980,759	2,051,938	2,935,845
6,414,518	5,119,482	4,943,492	4,670,364	7,037,357	8,710,227
<u>99,697,745</u>	<u>105,460,612</u>	<u>111,749,874</u>	<u>127,781,515</u>	<u>133,996,967</u>	<u>139,929,156</u>
24,696,404	26,105,783	27,437,183	29,995,061	35,388,965	33,001,228
2,501,948	2,417,321	2,809,368	2,759,841	2,866,526	2,947,252
12,451,001	12,188,197	11,552,478	12,023,753	12,132,110	13,285,392
3,815,151	4,100,625	4,581,135	4,597,721	4,766,452	4,989,621
12,326,925	12,708,745	17,878,884	19,899,064	19,467,957	19,370,948
27,629,925	31,118,640	32,454,490	30,742,517	32,401,618	34,420,402
13,718,492	13,324,208	11,428,712	13,332,997	15,641,643	15,479,395
140,798	80,290	80,221	71,805	73,614	63,344
386,038	238,522	320,648	526,534	581,923	160,504
5,219,805	12,995,335	2,260,990	2,811,246	1,108,892	2,009,106
5,217,030	5,666,357	4,326,173	4,559,459	3,239,205	3,208,223
4,253,313	-	-	-	-	-
<u>112,356,830</u>	<u>120,944,023</u>	<u>115,130,282</u>	<u>121,319,998</u>	<u>127,668,905</u>	<u>128,935,415</u>
(12,659,085)	(15,483,411)	(3,380,408)	6,461,517	6,328,062	10,993,741
1,955,256	11,895,000	2,325,000	1,619,784	11,505,000	-
-	-	-	-	487,735	-
-	-	-	-	(11,995,490)	-
21,765,025	20,913,670	26,002,047	27,239,791	29,816,413	31,395,018
(17,387,484)	(16,333,952)	(21,197,437)	(22,530,106)	(27,466,744)	(27,954,096)
<u>6,332,797</u>	<u>16,474,718</u>	<u>7,129,610</u>	<u>6,329,469</u>	<u>2,346,914</u>	<u>3,440,922</u>
<u>\$ (6,326,288)</u>	<u>\$ 991,307</u>	<u>\$ 3,749,202</u>	<u>\$ 12,790,986</u>	<u>\$ 8,674,976</u>	<u>\$ 14,434,663</u>
4.9%	5.1%	3.8%	3.8%	2.6%	2.6%

Ingham County, Michigan

ASSESSED AND TAXABLE VALUE OF PROPERTY⁽²⁾

1997-2006
(Unaudited)

Fiscal Year	Assessed Real Property				
	Agriculture	Commercial	Industrial	Residential	Development
2006	\$ 432,732,190	\$ 2,170,273,754	\$ 158,895,960	\$ 6,129,989,842	\$ 7,837,350
2005	414,897,920	2,120,950,705	168,466,240	5,760,126,495	8,011,350
2004	404,972,248	1,998,244,275	168,792,430	5,354,028,810	11,782,100
2003	359,293,990	1,905,811,777	165,634,430	4,936,259,030	10,455,100
2002	315,840,922	1,773,997,520	153,252,687	4,519,165,149	5,453,100
2001	272,504,023	1,632,819,280	146,966,780	4,137,157,009	8,138,620
2000	219,659,063	1,426,260,228	138,489,692	3,837,722,999	7,161,758
1999	166,858,335	1,294,944,776	142,603,157	3,574,286,987	3,598,899
1998	144,604,408	1,184,184,722	152,338,315	3,311,772,800	4,474,803
1997	131,125,838	1,093,605,510	139,688,391	3,070,081,228	3,369,663

Notes:

(1) Tax rates are per \$1,000 of taxable value.

(2) Source: Ingham County Equalization reports.

Value Personal Property	Total Assessed Value	Total Taxable Value	Total Direct Tax Rate ⁽¹⁾	Taxable Value as a percentage of Assessed Value
\$ 539,299,438	\$ 9,439,028,534	\$ 7,522,177,686	\$ 9.43	79.69%
563,080,329	9,035,533,039	7,200,855,066	8.65	79.69%
586,287,074	8,524,106,937	6,847,863,456	8.57	80.34%
574,650,627	7,952,104,954	6,489,197,117	8.60	81.60%
582,182,602	7,349,891,980	6,200,659,989	8.21	84.36%
551,847,833	6,749,433,545	5,826,421,784	7.77	86.32%
531,841,384	6,161,135,124	5,443,778,475	7.77	88.36%
576,513,649	5,758,805,803	5,256,356,261	7.78	91.28%
549,844,065	5,347,219,113	5,026,461,615	7.79	94.00%
536,754,655	4,974,625,285	4,770,955,197	7.81	95.91%

Ingham County, Michigan

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS⁽¹⁾⁽²⁾
(Per \$1,000 of Assessed Value)

1997-2006
(Unaudited)

	1997	1998	1999
County Direct Rates			
Operating	\$ 6.45	\$ 6.45	\$ 6.45
Transportation System	0.40	0.40	0.40
Emergency Telephone System	0.76	0.76	0.76
Airport Authority	0.20	0.19	0.17
Juvenile Justice	-	-	-
Potter Park Zoo	-	-	-
Total direct rates	<u>\$ 7.81</u>	<u>\$ 7.79</u>	<u>\$ 7.78</u>
Overlapping Rates			
Townships			
Lowest	\$ -	\$ -	\$ -
Highest	7.75	7.75	7.75
Cities			
Lowest	14.41	13.91	13.75
Highest	23.87	19.08	19.16
Villages			
Lowest	8.25	8.25	8.25
Highest	12.74	13.70	13.70
Local School Districts ⁽³⁾			
Lowest	0.88	0.50	0.49
Highest	10.60	10.50	9.55
Intermediate School Districts			
Lowest	2.65	2.62	2.57
Highest	12.40	12.38	12.32
Lansing Community College	5.87	5.87	5.84
Capital Area District Library	1.00	1.00	0.99
Fowlerville Library	0.50	0.49	0.48
Capital Area Transportation Authority	1.38	1.38	1.37
City of East Lansing - DDA	-	-	-
Northeast Ingham Emergency Services Authority	-	1.00	0.99
Stockbridge Area Emergency Services Authority	-	-	-

Notes:

(1) Rates shown are per \$1,000 of taxable value.

(2) Source: Ingham County Equalization Department - Apportionment Report

(3) Local School District rates indicate homestead millages. For non-homestead, add 18.0000 mills.

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 6.45	\$ 6.45	\$ 6.35	\$ 6.35	\$ 6.35	\$ 6.35	\$ 6.35
0.40	0.40	0.40	0.40	0.39	0.39	0.48
0.76	0.76	0.76	0.76	0.76	0.84	0.84
0.16	0.17	0.11	0.50	0.47	0.47	0.71
-	-	0.60	0.60	0.60	0.59	0.59
-	-	-	-	-	-	0.46
<u>\$ 7.77</u>	<u>\$ 7.77</u>	<u>\$ 8.21</u>	<u>\$ 8.60</u>	<u>\$ 8.57</u>	<u>\$ 8.65</u>	<u>\$ 9.43</u>

\$ -	\$ -	\$ 0.79	\$ 0.79	\$ 0.79	\$ 0.78	\$ 0.78
7.75	7.75	7.75	7.75	7.75	7.37	8.42
13.75	13.25	13.25	13.25	13.25	13.25	13.25
20.03	19.66	19.55	19.32	19.28	19.28	19.28
8.25	8.25	8.25	8.25	8.25	8.25	8.25
13.36	13.36	13.36	13.20	13.20	13.20	13.20
0.47	0.43	0.40	0.38	0.30	0.12	-
10.48	12.10	11.44	11.22	10.84	12.09	12.09
2.52	2.48	2.45	2.41	2.38	2.35	2.34
8.56	8.49	7.42	8.22	8.17	11.98	8.11
2.91	3.89	3.87	3.85	3.84	3.81	3.81
1.28	1.27	1.26	1.46	1.45	1.44	1.56
0.45	0.44	0.43	0.43	0.42	0.41	0.40
1.37	1.39	2.20	2.19	2.18	2.17	2.18
-	-	-	-	1.82	1.82	1.82
0.98	0.97	0.96	1.23	1.20	1.19	1.93
-	-	-	-	-	-	1.10

Ingham County, Michigan

PRINCIPAL TAXPAYERS

December 31, 2006
(Unaudited)

<u>Taxpayer</u>	<u>2006 Taxable Value</u>	<u>Percent of Total Taxable Valuation</u>
General Motors Corporation	\$ 146,973,349	1.95%
Consumers Energy	73,738,864	0.98%
DTN Management Properties	35,315,030	0.47%
Jackson National Life	32,393,347	0.43%
Inland Western Lansing Eastwood LLC	31,636,100	0.42%
Meridian Mall LTD Partnership	26,222,558	0.35%
Dart Container Corporation	25,407,343	0.34%
Meijer/Good Will Co., Inc.	24,491,047	0.33%
MEIP Borrower U LLC	23,965,948	0.32%
Wal-Mart Stores, Inc.	<u>20,244,852</u>	<u>0.27%</u>
Total taxable value of ten largest taxpayers	440,388,438	5.86%
Total taxable value of other taxpayers	<u>7,081,789,248</u>	<u>94.14%</u>
Total taxable value of all taxpayers	<u><u>\$7,522,177,686</u></u>	<u><u>100.00%</u></u>

Note:

(1) Source: County Equalization

(2) Taxable values presented above include properties subject to IFT taxes which are reported at 50% of actual taxable value.

Ingham County, Michigan

PROPERTY TAX LEVIES AND COLLECTIONS

1997-2006
(Unaudited)

Taxes Levied	Total Tax Levy ⁽¹⁾⁽²⁾	Amount Collected in Year of Levy	
		Amount	Percentage
12/1/2006	\$ 23,173,477	\$ 21,408,859	92.39%
7/1/2006	30,705,450	28,945,808	94.27%
12/1/2005	29,797,462	27,958,595	93.83%
7/1/2005	14,480,309	13,759,454	95.02%
12/1/2004	41,417,891	40,417,663	97.59%
12/1/2003	39,330,637	38,332,652	97.46%
12/1/2002	37,615,929	36,537,285	97.13%
12/1/2001	35,977,360	35,002,373	97.29%
12/1/2000	33,581,598	32,544,934	96.91%
12/1/1999	32,626,075	31,879,054	97.71%
12/1/1998	31,189,396	30,229,141	96.92%
12/1/1997	29,820,655	28,938,626	97.04%
12/1/1996	28,469,144	27,668,130	97.19%

Notes:

(1) Property taxes levied December 1 of the preceding year become delinquent March 1 of the current year. Property taxes levied July 1 of the current year become delinquent September 15 of the current year.

(2) The table includes Ad Valorem taxes only. It excludes commercial and industrial facilities taxes as provided under Public Acts 198 and 255.

Ingham County, Michigan

RATIOS OF OUTSTANDING DEBT BY TYPE⁽¹⁾

	1997-2006 (Unaudited)							
	Governmental Activities			Business-type Activities				
Fiscal Year	General Obligation Bonds	Notes and Loans	Capital Leases	General Obligation Bonds	Notes and Loans	Total Primary Government	Percentage of Personal Income	Net Debt Per Capita
2006	\$ 24,475,000	\$ 1,497,372	\$ 220,936	\$ 7,465,000	\$ 6,720,000	\$ 40,378,308	N/A ⁽²⁾	\$ 145.82
2005	26,470,000	1,644,920	340,988	8,220,000	6,020,000	42,695,908	0.50%	153.26
2004	28,270,000	1,802,454	456,818	9,425,000	11,520,000	51,474,272	0.63%	183.79
2003	31,385,000	228,139	571,587	10,580,000	4,920,000	47,684,726	0.59%	169.08
2002	31,875,000	269,217	165,339	11,700,000	5,670,000	49,679,556	0.64%	176.48
2001	24,070,000	125,074	32,724	11,285,000	5,112,000	40,624,798	0.53%	144.80
2000	26,505,000	151,047	110,664	10,240,000	20,000	37,026,711	0.50%	132.56
1999	28,830,000	177,021	210,650	11,125,000	20,000	40,362,671	0.56%	141.56
1998	31,115,000	119,314	-	12,020,000	20,000	43,274,314	0.63%	151.38
1997	22,875,000	152,340	-	12,325,000	20,000	35,372,340	0.54%	124.51

Note:

(1) Source: Ingham County Comprehensive Annual Financial Report

(2) Personal income statistics 2006 have not been published.

Ingham County, Michigan

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

1997-2006
(Unaudited)

Fiscal Year	General Obligation Bonds ⁽¹⁾⁽²⁾	Bonded Debt Service Funds Available ⁽¹⁾⁽³⁾	Self-supported Portion of Debt ⁽¹⁾	Net General Bonded Debt ⁽¹⁾	Net Bonded Debt to Taxable Value	Net Bonded Debt Per Capita
2006	\$ 31,940,000	\$ 162,935	\$ 7,465,000	\$ 24,312,065	0.32%	\$ 87.80
2005	34,690,000	189,771	8,220,000	26,280,229	0.36%	94.33
2004	37,695,000	56,569	9,425,000	28,213,431	0.41%	100.74
2003	41,965,000	56,190	10,580,000	31,328,810	0.48%	111.08
2002	43,575,000	106,601	11,648,788	31,819,611	0.51%	113.03
2001	35,355,000	116,052	11,238,158	24,000,790	0.41%	85.55
2000	36,745,000	120,918	10,193,419	26,430,663	0.49%	94.63
1999	39,955,000	78,781	11,080,239	28,795,980	0.55%	100.99
1998	43,135,000	75,207	11,980,880	31,078,913	0.62%	108.72
1997	35,200,000	163,616	12,281,175	22,755,209	0.48%	80.10

Note:

(1) Source: Ingham County Comprehensive Annual Financial Report

(2) Amount does not include special assessment debt.

(3) Amount does not include funds available for retirement of special assessment debt.

Ingham County, Michigan

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2006
(Unaudited)

	<u>Debt Outstanding</u>	<u>Percent Applicable</u>	<u>Direct and Estimated Overlapping Debt</u>
Direct debt			
County	\$ 26,193,308	100.00%	\$ 26,193,308
Overlapping debt ⁽¹⁾			
Cities			93,821,585
Townships			31,702,271
Villages			3,138,317
Local School Districts			483,833,884
Intermediate School Districts			50,985
Community College			<u>39,675,277</u>
Total overlapping debt			<u>652,222,319</u>
Total direct and overlapping debt			<u><u>\$ 678,415,627</u></u>

Note:

(1) Source: Municipal Advisory Council of Michigan

Ingham County, Michigan

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2006
(Unaudited)

State Equalized Valuation	
Real property	\$ 8,899,729,096
Personal property	<u>539,299,438</u>
Total assessed value	<u>\$ 9,439,028,534</u>
Debt Limit	
10% of State equalized value	\$ 943,902,853
Amount of Debt Applicable to Debt Limit	
Total bonded debt ⁽¹⁾	<u>\$ 56,907,725</u>
Legal debt margin	<u>\$ 886,995,128</u>

Notes:

(1) Source: Ingham County Basic Financial Statements.

Ingham County, Michigan

LEGAL DEBT MARGIN⁽¹⁾

1997-2006
(Unaudited)

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Net Applicable Debt</u>	<u>Legal Debt Margin</u>	<u>Ratio</u>
2006	\$ 943,902,853	\$ 56,907,725	\$ 886,995,128	6.03%
2005	903,553,304	63,940,000	839,613,304	7.08%
2004	852,410,694	63,749,000	788,661,694	7.48%
2003	795,210,495	62,726,462	732,484,033	7.89%
2002	734,989,198	46,948,253	688,040,945	6.39%
2001	674,943,355	41,439,600	633,503,755	6.14%
2000	616,113,512	66,872,800	549,240,712	10.85%
1999	575,880,580	56,405,000	519,475,580	9.79%
1998	534,721,911	65,324,793	469,397,118	12.22%
1997	497,462,529	52,671,384	444,791,145	10.59%

Notes:

(1) Source: Ingham County Basic Financial Statements

Ingham County, Michigan

DEMOGRAPHIC STATISTICS

1997-2006
(Unaudited)

Fiscal Year	Population ⁽¹⁾	Personal Income	Personal Income Per Capita ⁽²⁾	Unemployment Rate ⁽²⁾
2006	276,898	N/A ⁽³⁾	N/A ⁽³⁾	6.3%
2005	278,592	\$ 8,540,516,352	\$ 30,656	5.7%
2004	280,073	8,182,052,622	29,214	6.3%
2003	282,030	8,110,054,680	28,756	5.4%
2002	281,504	7,812,017,504	27,751	4.2%
2001	280,562	7,639,422,698	27,229	3.5%
2000	279,320	7,396,672,920	26,481	2.6%
1999	285,123	7,230,719,280	25,360	2.4%
1998	285,874	6,850,398,662	23,963	3.3%
1997	284,089	6,552,512,785	23,065	3.2%

Notes:

(1) U.S. Bureau of the Census

(2) Source: Michigan Department of Labor and Economic Growth

(3) Personal income statistics for 2006 have not been published.

Ingham County, Michigan

PRINCIPAL EMPLOYERS

December 31, 2006 and 1997
(Unaudited)

Employer	Industry	2006			1997		
		Number of Employees	Rank	Percentage of Workforce	Number of Employees	Rank	Percentage of Workforce
State of Michigan	Government	15,500	1	10.69%	20,000	1	13.50%
Michigan State University	Higher education	13,000	2	8.97%	12,300	3	8.31%
General Motors Corporation	Automotive	11,000	3	7.59%	18,000	2	12.15%
Sparrow Hospital	Health care	8,600	4	5.93%	3,000	7	2.03%
Ingham Regional Medical Center	Health care	4,400	5	3.03%			
Lansing School District	Education	3,500	6	2.41%	3,500	5	2.36%
Lansing Community College	Higher education	3,250	7	2.24%	2,000	8	1.35%
St. Lawrence Hospital	Health care	2,300	8	1.59%			
U.S. Postal Service	Government	1,300	9	0.90%	1,300	10	0.88%
Leona Group, LLC	Education	1,200	10	0.83%	1,700	9	1.15%
Meijer, Inc.	Retail and warehousing				3,800	4	2.57%
Michigan Capital Health Center	Health care				3,500	6	2.36%
Total persons employed by the ten largest employers		64,050		44.17%	69,100		46.66%
Persons employed by other employers		80,954		55.83%	78,995		53.34%
Total employment ⁽¹⁾		145,004		100.00%	148,095		100.00%

Notes:

(1) Source: Michigan Department of Labor and Economic Growth

Ingham County, Michigan

COUNTY EMPLOYEES BY DEPARTMENT⁽¹⁾⁽²⁾

1997-2006
(Unaudited)

Department	Full time Employees			
	1997	1998	1999	2000
Animal Control	17	18	16	18
Board of Commissioners	2	2	2	3
Controller	13	12	14	15
Development	3	2	3	3
Equalization	9	8	8	8
Human Resources	8	8	8	8
Financial Services	10	10	9	10
Facilities/Maintenance	36	38	37	35
Purchasing	-	-	-	-
Management Information Systems	15	15	16	15
Cooperative Extension	8	8	8	8
County Clerk	8	8	8	8
District Court	17	18	18	19
Drain Commission	17	18	18	18
Fair Board	4	5	4	4
Health Department	247	258	267	282
Parks	11	11	12	12
Probate Court	90	10	10	10
Prosecuting Attorney	61	61	62	59
Register of Deeds	8	8	8	8
Sheriff	203	202	206	209
Treasurer	6	6	6	6
Veterans Affairs	4	5	5	5
Circuit Court	92	172	179	178
Total	889	903	924	941

Notes:

(1) Source: Ingham County Human Resources

(2) Excludes temporaries, elected officials' appointed staff, and work study.

as of December 31					
2001	2002	2003	2004	2005	2006
17	17	17	16	17	18
3	3	3	3	3	4
15	14	12	11	12	12
1	1	1	1	1	1
7	6	6	7	6	7
8	8	8	8	8	7
11	10	9	9	9	10
29	29	31	30	30	31
6	6	6	6	6	5
18	19	19	20	20	21
7	7	8	7	7	7
8	7	6	7	7	9
19	20	20	20	23	23
17	18	18	17	18	23
5	5	5	4	4	4
307	309	300	302	306	305
13	12	14	14	14	14
9	7	6	8	9	11
63	66	66	65	68	61
7	8	8	8	8	8
209	209	203	217	215	212
3	5	5	5	6	8
5	5	4	4	4	4
173	181	181	196	191	191
960	972	956	985	992	996

Ingham County, Michigan

OPERATING INDICATORS BY FUNCTION

1997-2006
(Unaudited)

Function	1997	1998	1999
Health			
Immunizations (Child & Adult)	62,214	62,434	58,523
IHP Enrollment - Plan Wide (average monthly)	N/A	4,197	6,000
Fixed food service (# of establishments licensed)	1,002	1,031	996
Public Health Nursing Home Visits	N/A	N/A	N/A
Parks			
Visitation (based on car counts)	N/A	N/A	869,062
Animal Control			
Pet Adoptions	580	515	668
Drain Commission			
Drain Crew Maintenance Projects	674	750	765
Circuit Court			
Number of Cases Filed	8,449	7,054	7,513
District Court			
New Case Filings	31,938	31,938	32,700
Cases Disposed	N/A	N/A	N/A

2000	2001	2002	2003	2004	2005	2006
50,275	52,670	48,893	39,563	40,000	40,279	38,480
11,500	11,612	15,836	13,374	16,000	14,700	15,056
973	1,036	892	936	1,030	952	1,132
N/A	N/A	N/A	3,646	3,472	3,599	3,451
842,349	882,037	934,514	1,040,965	1,138,893	1,185,800	1,219,803
750	1,433	1,433	1,631	1,627	1,642	1,686
821	817	825	840	840	840	852
9,609	10,020	8,157	10,420	11,444	10,566	12,003
1,139	30,602	36,182	39,279	36,522	31,731	32,592
N/A	30,004	44,416	41,346	34,908	29,218	30,946

Ingham County, Michigan

CAPITAL ASSET STATISTICS BY FUNCTION

1997-2006
(Unaudited)

Function	1997	1998	1999	2000
Public safety				
Police protection				
Jail capacity (inmates)	472	472	575	575
Vehicles				
Patrol units	38	38	38	45
Paramedic units	10	10	7	7
Powerboats	1	1	1	2
Public works				
Roads				
Primary (miles)	427	427	430	430
Local non-subdivision				
Paved	402	402	437	437
Gravel	155	155	118	118
Local subdivision				
Paved	195	195	236	236
Gravel	5	5	4	4
Bridges				
Primary	32	32	32	32
Local	36	36	36	36
Recreation and cultural				
Park land (acres)	1063	1,063	1,163	1,160
Trails (miles)	13	13	13	21
Beaches	2	2	2	3
Picnic areas	11	11	11	15
Softball fields	4	4	4	4
Soccer fields	-	-	-	-

2001	2002	2003	2004	2005	2006
575	575	575	665	665	665
45	45	45	45	45	45
7	7	7	7	7	7
2	2	2	2	2	2
430	430	431	430	430	430
443	447	449	458	458	458
111	107	104	95	95	95
239	242	246	252	252	252
4	4	4	4	4	4
32	32	32	32	32	32
36	36	36	36	36	36
1,300	1,300	1,300	1,400	1,400	1,400
21	21	21	21	21	21
3	3	3	3	3	3
15	15	15	15	15	15
4	4	4	4	4	4
9	9	9	9	9	9

Ingham County, Michigan

**SUPPLEMENTARY INFORMATION
TO FINANCIAL STATEMENTS
(FEDERAL AWARDS)**

December 31, 2006

Ingham County, Michigan

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
of Ingham County
Mason, Michigan

Compliance

We have audited the compliance of Ingham County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended December 31, 2006. Ingham County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Ingham County's management. Our responsibility is to express an opinion on Ingham County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Ingham County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ingham County's compliance with those requirements.

In our opinion, Ingham County complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ending December 31, 2006.

Internal Control Over Compliance

The management of Ingham County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Ingham County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ingham County's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Ingham County as of and for the year ended December 31, 2006, and have issued our report thereon dated June 20, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Ingham County's basic financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners and management of Ingham County, others within the County, the pass-through grantors, and the Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 20, 2007

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<u>Passed-Through the Michigan Department of Education:</u>			
Food Donation	10.550		
Entitlement commodities		N/A	\$ 4,918
2005 Entitlement commodities overstatement		N/A	(3,862)
Bonus commodities		N/A	321
2005 Bonus commodities overstatement		N/A	(760)
			617
School Breakfast Program (f)	10.553	N/A	13,370
National School Lunch Program (f)	10.555	N/A	
Section 4			2,112
Section 11			18,439
Total passed-through the Michigan Department of Education			34,538
<u>Passed-Through the Michigan Department of Community Health:</u>			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	N/A	886,136
TOTAL U.S. DEPARTMENT OF AGRICULTURE			920,674
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Direct Programs:</u>			
Low Income Housing Assistance Program -			
Operating Subsidy	14.850	MI16800106D	107,663
Public Housing Capital Fund Program	14.872		
		MI33P16850105	101,099
		MI33P16850104	104,870
			205,969
Section 8 Housing Choice Voucher Program	14.871	MI-168-VO-0001	516,343
Total Direct Programs			829,975

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>Passed-Through the Michigan State Housing Development Authority:</u>			
Community Development Block Grants	14.228	MSC 2004-0552-RR	189,911
Community Development Block Grants	14.228	MSC 2004-0552-HOA	268,339
Total passed-through the Michigan State Housing Development Authority			458,250
<u>Passed-Through the Michigan Department of Community Health:</u>			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	90,000
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,378,225
<u>U.S. DEPARTMENT OF JUSTICE:</u>			
<u>Direct Programs:</u>			
Domestic Assault Response Team	16.590	2005-WE-AX-0094	135,547
<u>Passed-Through Michigan Crime Victim Services Commission:</u>			
Victims of Crime Act	16.575	20636-8V04	60,041
<u>Passed-Through the Michigan Department of Human Services</u>			
Juvenile Justice and Delinquency Prevention:			
Comprehensive Strategy	16.540	JJCSI 33001	16,877
Title V: Delinquency Prevention Program	16.548	DP 33001	74,743
Total Passed-Through the Michigan Department of Human Services			91,620
<u>Passed-Through the Michigan Office of Drug Control Policy and/or the City of Lansing:</u>			
Byrne Formula Grant Program -			
Special Prosecution Unit	16.579	70901-5-04-B	104,892
Sobriety Drug Court	16.579	72148-3-06-B	48,356
Total Passed-Through the Michigan Office of Drug Control Policy			153,248
TOTAL U.S. DEPARTMENT OF JUSTICE			440,456
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
<u>Passed-through Michigan Office of Highway Safety Planning -</u>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		2,979

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
<u>Passed-Through Michigan Department of Environmental Quality:</u>			
Capitalization Grants for Drinking Water			
State Revolving Funds -			
Arsenic Rule Implementation	66.468	N/A	\$ 750
Capacity Development (d)	66.468	N/A	150
Operator Cert	66.471	N/A	<u>4,000</u>
TOTAL ENVIRONMENTAL PROTECTION AGENCY			4,900
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Passed-Through the Michigan Department of Natural Resources:</u>			
Boating and Safety Financial Assistance	97.012		7,257
<u>Passed-Through the Michigan Department of State Police:</u>			
2004 Interoperable Communications Equipment Grant (e)	97.004		21,546
2004 Homeland Security Grant Program (e)	97.004		652,217
2005 Exercise Grant (e)	97.004		2,052
2005 Training Grant (e)	97.067		6,746
2005 Solution Area Planner Grant (e)	97.067		65,126
2006 Homeland Security Grant Program--EMPG	97.042		<u>26,328</u>
Total Passed-Through the Michigan Department of State Police			<u>774,015</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			781,272
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct Programs:</u>			
Medical Reserve Corps Samll Grant Program	93.008	N/A	35,943
Consolidated Health Centers (Health Care for the Homeless)	93.224	N/A	<u>157,990</u>
Total Direct Programs			193,933
<u>Passed-Through the Michigan Supreme Court/ State Court Administrative Office</u>			
Access and Visitation Grant Program	93.597	N/A	2,182
<u>Passed-Through Capital Area Community Services</u>			
Head Start	93.600	N/A	84,552
<u>Passed-Through the Mid South Substance Abuse Commission</u>			
Prevention & Treatment of Substance Abuse Block Grant (d)	93.959	N/A	12,967

INGHAM COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>Passed-Through the Michigan Department of Community Health:</u>			
Tuberculosis Control Programs	93.116	N/A	\$ 13,109
Childhood Lead Poisoning Prevention Projects	93.197	N/A	30,000
Family Planning - Services (d)	93.217	N/A	326,895
Childhood Immunization Grants (c)	93.268	N/A	130,033
Immunization Grants--Value of Vaccines Provided (c)	93.268	N/A	1,221,675
Family Planning - Joint Demo Project	93.283	N/A	3,750
Public Health Preparedness	93.283	N/A	313,005
Wisewoman & Healthy Communities	93.283	N/A	31,845
Breast and Cervical Cancer Control Program	93.283	N/A	343,514
Medical Assistance Program (Medicaid) (d)	93.778	N/A	1,135,256
HIV Prevention Program -			
HIV/AIDS Counseling and Testing	93.940	N/A	174,381
Preventative Health--STD Control Grant (d)	93.977	N/A	3,478
Preventative Health and Health Services Block Grant (d)	93.991	N/A	18,165
Maternal and Child Health Services Block Grant (d)	93.994	N/A	348,454
Adolescent Family Life: Demonstration Projects	93.995	N/A	294,668
Total Passed-Through the Michigan Department of Community Health			4,388,228
<u>Passed-Through the Michigan Department of Human Services:</u>			
Promoting Safe and Stable Families	93.556	N/A	21,000
Temporary Assistance for Needy Families	93.558	CTFPR 03-33001	247,178
Child Support Enforcement:			
Friend of Court (a) (c)	93.563	CS/FOC-33001	2,871,563
Prosecuting Attorney (a) (c)	93.563	CS/PA-33002	563,421
Incentive Payments (b) (c)	93.563	N/A	441,544
Refugee Medical Assistance	93.566	RA 02-33001	206,250
Child Care Development Block Grant	93.575	N/A	489,864
Matching Funds of the Child Care and Development Fund	93.596	N/A	35,300
Total Passed-Through the Michigan Department of Human Services			4,876,120
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>9,557,982</u>
TOTAL FEDERAL AWARDS			<u>\$ 13,086,488</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2006

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Ingham County, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note C.

Federal Awards of the Ingham County Road Commission are excluded from the accompanying Schedule of Expenditures of Federal Awards. That component unit is audited separately with reports issued under separate cover. A Single Audit, if applicable for the Road Commission, would be conducted separately and included in their applicable reports. To view a copy of their report, contact the administrative offices of the Road Commission or the Ingham County Financial Services office.

NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE

The following descriptions identified below as (a)-(f) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Reimbursements of these contracts are passed through the State Family Independence Agency. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of total contract expenditures.
- (b) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues.
- (c) Denotes programs tested as "major programs".
- (d) Reimbursements of these contracts are passed through the State. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on the following approximate percentages of Federal participation:

<u>Program</u>	<u>CFDA Number</u>	<u>Approximate Percent</u>
Prevention and Treatment of Substance Abuse Block Grant	93.959	80.0%
Medical Assistance Program - Certain Components	93.778	50.0%, 53.6%
Maternal and Child Health Services Block Grant - Certain Components	93.994	41.6%, 10.7%
Preventative Health and Health Services Block Grant	93.991	36.5%
Preventative Health - STD Control Grant	93.977	7.0%
Family Planning Services	93.217	53.3%
Capitalization Grants - Capacity Development	66.468	50.0%

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the Federal revenues reported in the December 31, 2006, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

December 31, 2006

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

	Inter- Governmental <u>Revenue</u>	<u>Adjustments</u>	Less Non Federal <u>Revenue</u>	Federal <u>Expenditures</u>
PRIMARY GOVERNMENT				
GENERAL FUND	\$ 7,048,753	\$ -	\$(5,572,192)	\$ 1,476,561
SPECIAL REVENUE FUNDS				
Health Department	13,583,588	-	(6,923,280)	6,660,308
Family Court Child Care Fund	5,006,192	-	(4,971,654)	34,538
Friend of the Court Services Fund	3,099,560	-	(93,297)	3,006,263
Anti-Drug Abuse Grant Fund	104,892	-	-	104,892
Cooperative Reimbursement - PA Fund	530,134	-	(14,433)	515,701
Other Funds	<u>3,352,581</u>	<u>-</u>	<u>(3,352,581)</u>	<u>-0-</u>
TOTAL SPECIAL REVENUE FUNDS	25,676,947	-0-	(15,355,245)	10,321,702
ENTERPRISE FUNDS				
Housing Commission	<u>-</u>	<u>1,288,225</u> ⁽¹⁾	<u>-</u>	<u>1,288,225</u>
TOTAL ENTITY-WIDE	<u>\$32,725,700</u>	<u>\$ 1,288,225</u>	<u>\$(20,927,437)</u>	<u>\$13,086,488</u>

- (1) The adjustment related to the Housing Commission (nonmajor enterprise) Fund relates to intergovernmental operating grant revenues reporting in the audited financial statements as other operating revenue because the County-wide financial statements do not go to that level of detail but both presentations are in accordance with generally accepted accounting principles (GAAP) and OMB Circular A-133.

Principals

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Ingham County
Mason, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ingham County, Michigan as of and for the year ended December 31, 2006, and have issued our report thereon dated June 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ingham County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. The results of our tests disclosed deficiencies that we consider to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings and questioned costs as 2006-1, 2006-2, 2006-3, 2006-4, and 2006-5.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that Findings 2006-4 and 2006-5 of the significant deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 2006-6 and 2006-7.

We noted certain matters that we reported to management of the County in a separate letter dated June 20, 2007.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners of Ingham County, others within the County, the pass-through grantors, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Abraham & Gaffney, P.C." in a cursive, stylized font.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 20, 2007

Ingham County, Michigan
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> X </u>	Yes	<u> </u>	None reported
Noncompliance material to financial statements noted?	<u> X </u>	Yes	<u> </u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u>	Yes	<u> X </u>	None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 501(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.563 93.268	Child Support Enforcement (Title IV-D) Immunization Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$ 392,595

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings

2006-1 Back-dating of cash receipts in the automated accounting system

Condition: The County's cash receipting and general ledger accounting system allows receipts to be back-dated. This is a common practice at the County as receipts from departments are entered into the system in the Treasurer's office.

Criteria: It is an important internal control that receipts are entered into the automated system at the soonest point in time that is possible. Equally important is that employees should not be able to record a receipt from today as being received on a previous day. Additionally, the internal control of reconciling the daily sequence of receipt numbers (which are assigned sequentially) is not possible in the current environment.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended December 31, 2006

Section II - Financial Statement Findings - continued

2006-1 Back-dating of cash receipts in the automated accounting system - continued

During cash receipt entry, fields for receipt date and effective date are editable and should not be. No reports are available that list receipts in receipt number order. Employees interviewed did not know if a system setting was available that would restrict or eliminate this ability.

Effect: As a result of this condition, the County is exposed to a fraud risk of a lapping scheme that could be covered by an employee through the back-dating of receipts. Receipts could be stolen on one day and replaced on another.

Recommendation: We recommend the County investigate potential software setup or programming changes to address this issue.

Corrective Action Response: The latest update to the County's finance software, implemented May 12, 2007 does not allow modifications to the entry date of cash receipts. An earlier update also allowed for consecutive numbering sequences to be established by department, and this was done January 1, 2007 based on an enhancement request with the software vendor. The County is currently working with the finance software vendor to produce a consecutively numbered cash receipt report.

2006-2 Documentation of purchasing card usage

Condition: During our testing of transactions related to the use of purchasing cards it was determined that the County had not complied with established policies and financial management procedures. It was noted that:

- The County was unable to produce supporting documentation for three (3) purchasing card transactions.
- Several purchases appeared they could be personal in nature. No business purpose was documented for these transactions.
- Instances were noted where purchases were made using County purchasing cards (meals, recognition functions) that violate Michigan State law or Attorney General Opinions as compiled in Michigan Department of Treasury's document "Determining Lawful Expenditures".

Criteria: The County's purchasing card policy requires documentation to be kept for all purchases. Additionally, the policy requires that no personal purchases be made with the card. Management has not provided proper review and internal control over the use of purchasing cards.

Effect: The County is exposed to a fraud risk due to potential improper use of purchasing cards.

Recommendation: We recommend the County take steps to ensure that supporting documentation is retained for all credit card transactions, including documentation of the business purpose of all charges. We further recommend that the cards be used only for lawful expenditures allowed by the State of Michigan.

Corrective Action Response: The documentation requirements will be clearly defined and posted on the intranet. Training sessions will be developed for P-card users. Additional staff will be assigned to review P-card receipts to insure timely review and to follow up on questionable charges.

2006-3 Prior period adjustment

Condition: As indicated in the Road Commission component unit financial statements, a material amount was recorded as a prior period adjustment in the current year to correct an error from the prior year related to an overstated receivable that was booked and never collected.

Criteria: This error was not detected by the Road Commission's internal control over financial reporting in the prior year and as a result there was a material misstatement in the December 31, 2005 financial statements.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended December 31, 2006

Section II - Financial Statement Findings - continued

2006-3 Prior period adjustment - continued

Effect: The prior year financial statements contained a material misstatement that was not detected by management until after the December 31, 2005 financial statements were issued. This misstatement was also written off in 2006 as it was deemed uncollectible but the write-off of this misstatement was never discussed with the Board or brought to their attention for approval prior to being written off.

Recommendation: We recommend the Road Commission review procedures in the areas where these errors were noted and take steps to ensure that there is no recurrence of similar issues. Also, in the future, management should make the Road Commission Board aware of all material misstatements from prior audited financial statements and approval from the Road Commission Board should be obtained prior to these amounts being adjusted in the general ledger.

Corrective Action Response: Management of the Road Commission is currently reviewing procedures related to identification and correction of potential errors in the financial statements.

2006-4 Bank accounts not recorded

Condition: During the course of our audit, we noted over twenty bank accounts that were not initially recorded in the County's general ledger. The accounts were recorded through a journal entry recommended by the auditors.

Criteria: The recording of all cash accounts is necessary to demonstrate stewardship over all of the activities that have been entrusted to the County.

Effect: The County has failed to record all of the bank accounts that they have custody over. As a result, the County has not maintained adequate internal control over cash activities.

Recommendation: We recommend that the County take steps to ensure that all bank accounts are properly identified and recorded in the County's general ledger.

Corrective Action Response: Previously unrecorded cash accounts have been posted to the Agency Fund.

2006-5 Material journal entries proposed by auditors

Condition: Material journal entries for the recording of cash and taxes receivable were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting.

Criteria: Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (when applicable), including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. The auditor cannot be a part of internal controls.

Effect: Through the identification of material journal entries that were not otherwise identified by management, the auditors are effectively part of the County's internal controls.

Recommendation: We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: Additional consideration and review will be given to property tax receivables at year end. However, we feel that unusual circumstances significantly contributed to this issue. The mandated gradual shift in property tax collections from winter to summer has added significant complexity to property tax accounting over the past three (3) years. Finally in 2007, 100% of the County's operating millage will be collected in the summer.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended December 31, 2006

Section II - Financial Statement Findings - continued

2006-6 Unlawful expenditures

Condition: Several instances of meals being purchased with no details being noted of the business purpose for these meals and employee recognition purchases were noted.

Criteria: Guidance concerning lawful expenditures is given by the Michigan Department of Treasury in a document called "Determining Lawful Expenditures" that is available on their website. Specifically disallowed are expenditures for meals (with some exceptions) and employee recognition.

Effect: The County is not in compliance with applicable requirements imposed by the State of Michigan.

Recommendation: We recommend that all expenditures that do not have a documented public purpose be discontinued.

Corrective Action Response: Documentation requirements will be clearly defined and posted on the intranet.

2006-7 Unfavorable Budget Variances

Condition: During our review of the County's compliance with the budgeting act, we noted that expenditures had exceeded the amounts appropriated for activities in one (1) Special Revenue Fund.

Criteria: The Uniform Budgeting and Accounting Act requires the County to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined". The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body".

Effect: Having an unfavorable budget variance as described above, the County is not in compliance with Public Act 621 of 1978, as amended.

Recommendation: We recommend the County monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

Corrective Action Response: Management of the County is currently reviewing procedures related to budgetary compliance in accordance with State law.

Section III - Federal Award Findings and Questioned Costs

None

Ingham County, Michigan
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2006

There were no findings disclosed for the past two years.

Principals

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MANAGEMENT LETTER

To the Board of Commissioners
of Ingham County
Mason, Michigan

Dear Ladies/Gentlemen:

As you know, we have recently completed our audit of the records of Ingham County, Michigan for the year ended December 31, 2006. In connection with the audit, we feel that certain changes in your accounting procedures would be helpful in improving management's control and the operational efficiency of the accounting functions. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1. Journal entries should be reviewed by management.

During the course of our audit, various accountants in the Finance department are responsible for individual funds of the County. As part of carrying out these responsibilities, journal entries are made both of a routine and non-routine nature. None of these entries are reviewed by management, though management states that the financial statements are reviewed and significant non-standard entries come from the Finance Director.

We suggest that a review process be implemented in which journal entries are reviewed by the appropriate level of management.

2. Various issues noted during departmental testing.

As part of our audit procedures, we analyzed various departments of the County and tested internal controls over significant areas. We noted the following issues:

- a) During our testing at the County Clerk's office, it was noted that the Chief Deputy maintains a listing of employee passwords used to access their financial system. Because of this, the Chief Deputy or other employees with access to the list can log in as any other employee. This invalidates any other security measures that have been placed in operation at the user level.

We suggest that passwords be reset and changed in the Clerk's office and no lists of passwords be maintained in the future.

- b) Outstanding checks over \$50 and one year should be escheated to the State as unclaimed property. We noted that the District Court bond account and the Jail inmate account contained outstanding checks that should have been escheated.

We suggest that the County evaluate procedures in this area and instruct departments on appropriate procedures for handling unclaimed property.

- c) The inmate account at the Jail is not being reconciled to an appropriate book balance. The Jail's software system for tracking inmate balances gives a total of inmate balances but the bank account is not being reconciled to agree with the balance.

We suggest the County evaluate procedures in this area and take steps to ensure that the inmate account is reconciled to the total of amounts held for each inmate. Any additional funds in the account should be escheated to the State or deposited with the County Treasurer as appropriate.

3. The County should review the status of individual fund equities (deficits) near year-end.

As noted in the financial statements, the County had one (1) fund that ended the year in a deficit financial position. As a result, the County will be required to submit a deficit elimination plan to the State of Michigan for this fund.

We suggest the County review the status of all funds near year-end and make appropriate adjustments when possible to eliminate deficits.

4. The County should consider adopting additional administrative policies and procedures.

Based on our discussions with management, we noted that the County has not formally adopted written procedures and policies for several areas of operation. Documenting specific policies and procedures allows employees to have a clearer understanding of management's expectations. It also allows management to have greater visibility over those areas for which they are responsible. Specifically, we suggest that the County develop, formally adopt, and implement written procedures and policies in the following areas:

- a. Fraud risk management program - The County currently has certain aspects in place, but we suggest that the County develop and formally implement a fraud risk management program that is appropriate to the size and complexity of the organization. Such a fraud risk management program may involve actively searching for fraudulent transactions through the use of techniques such as data mining, but should also inform management and employees as to the nature of fraud and actions expected to be taken if fraud is suspected. This would include publishing a definition of fraud, a statement that fraud will not be tolerated within the organization, and instructions for reporting fraud within the chain of command.
- b. Ethics Code - The County has in place an ethics code including a policy on conflicts of interest. The code should include a requirement that key employees and Commissioners periodically make a declaration of compliance with the code, particularly with respect to conflicts of interest.
- c. Personnel policy - The County has a comprehensive set of personnel policies currently in place. We suggest the County review those policies and consider adopting amendments to add a requirement that vacations are mandatory for employees in positions of financial trust with those duties being performed by another employee during that absence.
- d. Purchasing cards - The County's purchasing card policy requires that no personal purchases be made using the card. The policy does not require, however, that the business purpose of transactions be documented. We suggest that the County's purchasing card policy be amended to require that the business purpose of all transactions be documented when receipts are submitted for review.

5. Reports of deferred revenue for dog licenses should be available.

The County sells dog licenses that are valid for three years. As the money is collected it is recorded as deferred revenue in the general fund and the revenue is recognized as the licenses expire. During our audit procedures related to deferred revenue recorded in the general fund for dog licenses, we noted that the County uses software that provides no reports to support the balance recorded in the general ledger. The general ledger is adjusted based on one of the Treasurer's office employee's periodic review of individual dog licenses and recording a journal entry to recognize revenue.

When we inquired about the balance in the deferred revenue account, we were provided with an adding machine tape of individual dog licenses that we determined to be materially equal to the amount recorded in the general ledger.

We suggest that the Treasurer's office work with their software vendor to develop a better solution for the monthly adjusting and annual auditing of this account.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements and this report does not affect our report on the financial statements dated June 20, 2007.

This report is intended solely for the use of management and the Board of Commissioners of Ingham County and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you, and to provide assistance in the implementation of improvements.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

June 20, 2007